

**NEW HOPE**  
新 希 望 服 务 SERVICE

**新 希 望 服 務 控 股 有 限 公 司**  
**New Hope Service Holdings Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3658

**G L O B A L**  
**O F F E R I N G**

Sole Sponsor and Sole Global Coordinator



**農 銀 國 際**

ABC INTERNATIONAL

Joint Bookrunners



**農 銀 國 際**  
ABC INTERNATIONAL



**海 通 國 際**  
HAITONG



**招 銀 國 際**  
CMB INTERNATIONAL



**CITIC**  
SECURITIES



**民 銀 資 本**  
CMBC CAPITAL HOLDINGS LIMITED



**富 強 證 券**  
FORTUNE (HK) SECURITIES



**光 大 證 券**  
EVERBRIGHT SECURITIES

# IMPORTANT

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

## New Hope Service Holdings Limited

### 新希望服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

#### GLOBAL OFFERING

**Number of Offer Shares under the Global Offering** : 200,000,000 Shares (Subject to the Over-allotment Option)  
**Number of Hong Kong Offer Shares** : 20,000,000 Shares (subject to reallocation)  
**Number of International Offer Shares** : 180,000,000 Shares (subject to reallocation and the Over-allotment Option)  
**Offer Price** : Not more than HK\$4.70 per Offer Share and expected to be not less than HK\$3.80 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)  
**Nominal value** : HK\$0.01 per Share  
**Stock code** : 3658

#### Sole Sponsor and Sole Global Coordinator



#### Joint Bookrunners



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

A copy of this prospectus, having attached thereto the documents specified in "Appendix VI—Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission 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 final Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and the Company on the Price Determination Date, which is expected to be on or around Friday, May 14, 2021 and in any event, not later than Tuesday, May 18, 2021. The Offer Price will be not more than HK\$4.70 per Offer Share and is currently expected to be not less than HK\$3.80. If, for any reason, the final Offer Price is not agreed by Tuesday, May 18, 2021 between the Sole Global Coordinator (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

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, except pursuant to an exemption from, or in a transaction subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$4.70 for each Hong Kong Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK\$4.70.

The Sole Global Coordinator (on behalf of the Underwriters), and with our consent, may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK\$3.80 to HK\$4.70) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, an announcement will be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [newhopeservice.com.cn](http://newhopeservice.com.cn) no later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of our Company at [newhopeservice.com.cn](http://newhopeservice.com.cn) and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). See "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

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

May 11, 2021

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## EXPECTED TIMETABLE<sup>(1)</sup>

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*If there is any change in the following expected timetable, our Company will issue an announcement to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of our Company at [newhopeservice.com.cn](http://newhopeservice.com.cn).*

Hong Kong Public Offering commences and **WHITE**  
and **YELLOW** Application Forms available from .....9:00 a.m. on  
Tuesday, May 11, 2021

Latest time to complete electronic applications under  
**White Form eIPO** service through the designated  
website at [www.eipo.com.hk](http://www.eipo.com.hk)<sup>(2)</sup> .....11:30 a.m. on  
Friday, May 14, 2021

Application lists of the Hong Kong Public Offering open<sup>(3)</sup> .....11:45 a.m. on  
Friday, May 14, 2021

Latest time to lodge **WHITE** and **YELLOW**  
Application Forms .....12:00 noon on  
Friday, May 14, 2021

Latest time to give **electronic application instructions**  
to HKSCC<sup>(4)</sup> .....12:00 noon on  
Friday, May 14, 2021

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 14, 2021

Application lists of the Hong Kong Public Offering close .....12:00 noon on  
Friday, May 14, 2021

Expected Price Determination Date<sup>(5)</sup> .....on or around  
Friday, May 14, 2021

(1) Announcement of the final Offer Price, the level of indication of interest in the International Offering, the level of applications in respect of the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [newhopeservice.com.cn](http://newhopeservice.com.cn)<sup>(6)</sup> from .....Monday, May 24, 2021

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## EXPECTED TIMETABLE<sup>(1)</sup>

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- (2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers or Hong Kong business registration numbers) in the Hong Kong Public Offering will be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares—11. Publication of Results" in this prospectus from .....Monday, May 24, 2021

Results of allocations in the Hong Kong Public Offering will be available at [www.iporesults.com.hk](http://www.iporesults.com.hk) (alternatively: English: [www.eipo.com.hk/en/Allotment](http://www.eipo.com.hk/en/Allotment); Chinese: [www.eipo.com.hk/zh-hk/Allotment](http://www.eipo.com.hk/zh-hk/Allotment)) with a "search by ID" function from .....Monday, May 24, 2021

Despatch/collection of Share certificates or deposit of the Share certificates of the Offer Shares into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before<sup>(7)(8)</sup> .....Monday, May 24, 2021

Despatch/collection of **White Form** e-Refund payment instructions/refund cheques in respect of wholly successfully (if applicable) and wholly or partially successful applications under the Hong Kong Public Offering on or before<sup>(8)(9)</sup> .....Monday, May 24, 2021

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on .....Tuesday, May 25, 2021

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*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 to the **White Form eIPO** Service Provider through the designated website at [www.eipo.com.hk](http://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 an application 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 in force and/or Extreme Conditions at any time between 9:00 a.m. and 12:00 noon on Friday, May 14, 2021, the application lists will not open on that day. Please refer to the section headed "How to Apply for Hong Kong Offer Shares—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this prospectus for further details.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares—6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus for further details.

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## EXPECTED TIMETABLE<sup>(1)</sup>

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- (5) The Price Determination Date is expected to be on or around Friday, May 14, 2021 and, in any event, not later than Tuesday, May 18, 2021. If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) by Tuesday, May 18, 2021, the Global Offering will not proceed and will lapse.
- (6) Neither of the website of our Company nor any of the information contained on the website of our Company forms part of this prospectus.
- (7) The Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date, which is expected to be on or around Tuesday, May 25, 2021, 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. 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.
- (8) Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all required information may collect any refund cheques and share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, between 9:00 a.m. to 1:00 p.m. on Monday, May 24, 2021. Applicants being individuals who are eligible for personal collection may not authorize any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce, at the time of collection, identification and (where applicable) authorization documents acceptable to our Hong Kong Share Registrar.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all required information may collect their refund cheques, if any, in person but may not elect to collect their share certificates as such share certificates will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied through the **White Form eIPO** service for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering can collect their share certificates (if any) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, between 9:00 a.m. to 1:00 p.m. on Monday, May 24, 2021. For applicants who apply through the **White Form eIPO** service and paid the application monies from a single bank account, e-Refund payment instructions (if any) will be despatched to their application payment bank account on or before Monday, May 24, 2021. For applicants who apply through the **White Form eIPO** service and used multi-bank accounts to pay the application monies, refund cheque (if any) will be despatched to the address specified in their electronic application instruction to the **White Form eIPO** Service Provider on or before Monday, May 24, 2021 at their own risk.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for further details. Uncollected share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' own risk to the addresses specified in the relevant applications. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares—5. Applying through White Form eIPO Service" in this prospectus.

Share certificates for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares, any uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications. Further information is set out in "How to Apply for Hong Kong Offer Shares—13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares—14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

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

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## EXPECTED TIMETABLE<sup>(1)</sup>

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The above expected timetable is a summary only. Further details and information on the structure and conditions of the Global Offering, including the conditions thereto and the procedures for application for the Hong Kong Offer Shares are set out in the section headed “Structure and Conditions of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus.

**Prospective investors of our Offer Shares should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by notice in writing to us by the Sole Global Coordinator (on behalf of the Underwriters) upon the occurrence of any of the events set forth in the section headed “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination” in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the day trading in our Shares commences on the Stock Exchange.**

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*This prospectus is issued by New Hope Service Holdings Limited solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any 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 jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering 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. The Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on as having been authorized by the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives, employees, agents or professional advisors or any other person or party involved in the Global Offering.*

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## SUMMARY

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

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

### OVERVIEW

We are a well-established comprehensive property management and lifestyle service operator in China, providing property management services, value-added services to non-property owners, commercial operational services and lifestyle services. We were ranked 39th in the 2020 Top 100 Property Management Companies in China in terms of Overall Strength (2020中國物業企業綜合實力百強) by EH Consulting. Our market share by total revenue among the 2020 Top 100 Property Management Companies in China in terms of Overall Strength was approximately 0.26% accordingly to EH Consulting. As of December 31, 2020, we managed 65 projects, and our total GFA under management amounted to approximately 10.2 million sq.m. As of the Latest Practicable Date, our total GFA under management further increased to 11.4 million sq.m. Our roots are in the Chengdu-Chongqing urban agglomeration, the engine of economic development in the Southwest China region according to Savills and EH Consulting. As of December 31, 2020, 33.4% and 28.9% of our GFA under management were located in the Chengdu-Chongqing urban agglomeration and the Eastern China region, respectively, and 33.2% and 39.7% of our contracted GFA were located in these two regions as of the same time, respectively. As of December 31, 2020, the property projects served by us covered 17 cities in nine provinces, one autonomous region and two municipalities in China and all of our property management projects are located in the first-tier, new first-tier and second-tier cities in China. Over the years, we have won a number of awards from well-known industry organizations for our service quality and brand value, such as 2019 Golden Key China’s Excellent Service Team (2019年中國服務示範企業–中國金鑰匙獎) and 2020 Leading Chinese Brand Company in Professional Property Service Operation (2020中國物業服務專業運營領先品牌). In 2019, our average monthly property management fee was RMB3.69 per sq.m., which was 57.4% higher than that of the property management service industry in China primarily because (i) the property projects under our management were located in first-tier, new first-tier and second-tier cities, (ii) the residential properties under our management mostly target middle or high-class property purchasers who typically require property management services of higher standards, and (iii) we also managed commercial properties for which generally higher property management fees are charged. According to Savills and EH Consulting, our revenue per sq.m. of RMB58.23 per sq.m. in 2019 ranked eighth among the Top 100 Property Management Companies in China in terms of Overall Strength and we were awarded the 2020 Top Ten Property Management Companies in China in terms of Revenue Generating Capacity per Square Meter (2020年中國物業管理企業單坪創收十強). Our net

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## SUMMARY

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profit margin was 16.8% in 2019, ranking fifth among the Top 100 Property Management Companies in terms of net profit margin according to Savills and EH Consulting primarily because (i) our revenue from value-added services to non-property owners, commercial operational services and lifestyle services that generally have higher gross profit margins than property management services accounted for relatively higher percentage of our total revenue, which also means that our customer bases for property management services may generate diversified revenue stream from other business lines; and (ii) our property management fees charged for residential properties are higher than that of the Top 100 Property Management Companies, according to Savills and EH Consulting.

We provide quality property management services and value-added services to non-property owners. We also provide commercial operational services for 12 quality commercial properties in five cities, namely Chengdu, Kunming, Shanghai, Wenzhou and Nanning. We also provide diversified lifestyle services to our property owners, residents and other customers. Our services are closely tied to what people need in their daily lives and what property owners and businesses need for their daily operations. We believe our core value lies in our ability to help our individual customers live a safer and more comfortable, healthy and convenient life and assist our business customers in building prosperous businesses.

We achieved rapid growth during the Track Record Period. Our revenue increased by 47.5% from RMB258.0 million in 2018 to RMB380.5 million in 2019, and by 54.6% from RMB380.5 million in 2019 to RMB588.3 million in 2020. Our net profit increased by 56.0% from RMB41.1 million in 2018 to RMB64.0 million in 2019, and by 71.6% from RMB64.0 million in 2019 to RMB109.8 million in 2020. In recognition of our rapid growth, we were named one of the Top 100 Leading Property Management Companies in China in terms of Growth Potential (中國物業服務百強成長性領先企業) by CIA in 2019. We have been named one of the Top 100 Property Management Companies in China in terms of Overall Strength (中國物業企業綜合實力百強) by EH Consulting for five consecutive years and our ranking improved from 55th in 2016 to 39th in 2020.

### OUR BUSINESS MODEL

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

- Property management services: we provide property management services to residential properties, commercial properties and other types of non-residential properties. Our services primarily include cleaning, security, greening and landscaping and repair and maintenance services;
- Value-added services to non-property owners: we provide value-added services to non-property owners, including (i) sales office management services; (ii) preliminary planning and design consultancy, pre-delivery and repair and maintenance services; and (iii) other services such as construction site management services;

## SUMMARY

- Commercial operational services: we provide (i) market research and positioning and opening preparation services; (ii) commercial operation services, such as tenant sourcing services, tenant management services, commercial management services and marketing and promotion services; and (iii) commercial properties leasing; and
- Lifestyle services: we provide (i) community living services, including turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services and common area management services; (ii) community asset management services, including carpark related services and property agency services; (iii) online and offline retail services and catering services; (iv) marketing event organization services; and (v) community space operational services.

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

|   | Year ended December 31, |                     |                       |                     |                       |                     |
|---|-------------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|
|   | 2018                    |                     | 2019                  |                     | 2020                  |                     |
|   | <i>(RMB'000)</i>        | %                   | <i>(RMB'000)</i>      | %                   | <i>(RMB'000)</i>      | %                   |
| Property management services . . . . .                | 116,433                 | 45.1                | 140,708               | 37.0                | 189,724               | 32.3                |
| Value-added services to non-property owners . . . . . | 50,862                  | 19.7                | 128,402               | 33.7                | 168,335               | 28.6                |
| Commercial operational services . . . . .             | 62,373                  | 24.2                | 72,571                | 19.1                | 112,956               | 19.2                |
| Lifestyle services . . . . .                          | 28,296                  | 11.0                | 38,862                | 10.2                | 117,248               | 19.9                |
| <b>Total . . . . .</b>                                | <b><u>257,964</u></b>   | <b><u>100.0</u></b> | <b><u>380,543</u></b> | <b><u>100.0</u></b> | <b><u>588,263</u></b> | <b><u>100.0</u></b> |

Our revenue from value-added services to non-property owners increased significantly from RMB50.9 million in 2018 to RMB128.4 million in 2019, primarily because (i) we began to provide pre-delivery services and post-delivery repair and maintenance services to non-property owners at the end of 2018; and (ii) we provided sales office management services to a greater number of projects developed by New Hope Property Group which were ready to sell. Our revenue from value-added services to non-property owners further increased from RMB128.4 million in 2019 to RMB168.3 million in 2020, primarily due to our growing revenue from sales office management services and preliminary planning and design consultancy services in relation to an increase in the number of projects developed by New Hope Property Group in 2020.

Our revenue from lifestyle services increased from RMB28.3 million in 2018 to RMB38.9 million in 2019, primarily due to our enhanced efforts to expand our community living services and community asset management services in 2019. Our revenue from lifestyle services increased significantly from RMB38.9 million in 2019 to RMB117.2 million in 2020, primarily

## SUMMARY

due to (i) the expansion of our online and offline retail services and catering services that we began to provide at the end of 2019; and (ii) the increased revenue from community asset management services, as a result of our expanded carpark related services.

During the Track Record Period, our net profit increased from RMB41.1 million in 2018 to RMB64.0 million in 2019, and further increased to RMB109.8 million in 2020, primarily due to (i) the increases in our business scale and the average property management fee that we charged for the services we rendered; (ii) the expansion of existing services that carry higher gross profit margins, such as our community asset management services, including carpark related services and property agency services; (iii) our continuous exploration and launching of new services with higher gross profit margins, such as tenant management services; (iv) our cost control measures through subcontracting and streamlining our corporate budgeting; and (v) a reduction in our required contribution to the social insurance fund as a government relief measure in response to COVID-19 in 2020.

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

|  | Year ended December 31, |             |                  |             |                  |             |
|--|-------------------------|-------------|------------------|-------------|------------------|-------------|
|  | 2018                    |             | 2019             |             | 2020             |             |
|  | Revenue                 |             | Revenue          |             | Revenue          |             |
|  | <i>(RMB'000)</i>        | %           | <i>(RMB'000)</i> | %           | <i>(RMB'000)</i> | %           |
| <b>Property management services</b>                |                         |             |                  |             |                  |             |
| New Hope Property Group <sup>(1)</sup> . . . . .   | 104,519                 | 40.5        | 127,008          | 33.4        | 150,053          | 25.6        |
| Joint ventures or associates of New                |                         |             |                  |             |                  |             |
| Hope Property Group <sup>(2)</sup> . . . . .       | 6,154                   | 2.4         | 6,608            | 1.7         | 19,627           | 3.3         |
| Associates of our Controlling                      |                         |             |                  |             |                  |             |
| Shareholders <sup>(3)</sup> . . . . .              | 5,760                   | 2.2         | 7,092            | 1.9         | 15,482           | 2.6         |
| Independent Third Parties <sup>(4)</sup> . . . . . | -                       | -           | -                | -           | 4,562            | 0.8         |
| <b>Subtotal</b> . . . . .                          | <b>116,433</b>          | <b>45.1</b> | <b>140,708</b>   | <b>37.0</b> | <b>189,724</b>   | <b>32.3</b> |
| <b>Value-added services to non-property owners</b> |                         |             |                  |             |                  |             |
| New Hope Property Group <sup>(1)</sup> . . . . .   | 38,439                  | 14.9        | 111,231          | 29.2        | 118,842          | 20.2        |
| Joint ventures or associates of New                |                         |             |                  |             |                  |             |
| Hope Property Group <sup>(2)</sup> . . . . .       | 12,423                  | 4.8         | 17,171           | 4.5         | 43,679           | 7.4         |
| Associates of our Controlling                      |                         |             |                  |             |                  |             |
| Shareholders <sup>(3)</sup> . . . . .              | -                       | -           | -                | -           | 2,705            | 0.5         |
| Independent Third Parties <sup>(4)</sup> . . . . . | -                       | -           | -                | -           | 3,109            | 0.5         |
| <b>Subtotal</b> . . . . .                          | <b>50,862</b>           | <b>19.7</b> | <b>128,402</b>   | <b>33.7</b> | <b>168,335</b>   | <b>28.6</b> |

## SUMMARY

|  | Year ended December 31, |              |                |              |                |              |
|--|-------------------------|--------------|----------------|--------------|----------------|--------------|
|  | 2018                    |              | 2019           |              | 2020           |              |
|  | Revenue                 |              | Revenue        |              | Revenue        |              |
|  | (RMB'000)               | %            | (RMB'000)      | %            | (RMB'000)      | %            |
| <b>Commercial operational services</b>             |                         |              |                |              |                |              |
| New Hope Property Group <sup>(1)</sup> . . . . .   | 62,373                  | 24.2         | 72,571         | 19.1         | 112,956        | 19.2         |
| Joint ventures or associates of                    |                         |              |                |              |                |              |
| New Hope Property Group <sup>(2)</sup> . . . . .   | -                       | -            | -              | -            | -              | -            |
| Associates of our Controlling                      |                         |              |                |              |                |              |
| Shareholders <sup>(3)</sup> . . . . .              | -                       | -            | -              | -            | -              | -            |
| Independent Third Parties <sup>(4)</sup> . . . . . | -                       | -            | -              | -            | -              | -            |
| <b>Subtotal</b> . . . . .                          | <b>62,373</b>           | <b>24.2</b>  | <b>72,571</b>  | <b>19.1</b>  | <b>112,956</b> | <b>19.2</b>  |
| <b>Lifestyle services<sup>(5)</sup></b>            |                         |              |                |              |                |              |
| New Hope Property Group <sup>(1)</sup> . . . . .   | 14,036                  | 5.5          | 22,868         | 6.0          | 49,498         | 8.4          |
| Joint ventures or associates of                    |                         |              |                |              |                |              |
| New Hope Property Group <sup>(2)</sup> . . . . .   | 2,030                   | 0.8          | 2,612          | 0.7          | 6,594          | 1.1          |
| Associates of our Controlling                      |                         |              |                |              |                |              |
| Shareholders <sup>(3)</sup> . . . . .              | 4,420                   | 1.7          | 3,730          | 1.0          | 5,818          | 1.0          |
| Independent Third Parties <sup>(4)</sup> . . . . . | 7,810                   | 3.0          | 9,652          | 2.5          | 55,338         | 9.4          |
| <b>Subtotal</b> . . . . .                          | <b>28,296</b>           | <b>11.0</b>  | <b>38,862</b>  | <b>10.2</b>  | <b>117,248</b> | <b>19.9</b>  |
| <b>Total</b> . . . . .                             | <b>257,964</b>          | <b>100.0</b> | <b>380,543</b> | <b>100.0</b> | <b>588,263</b> | <b>100.0</b> |

*Notes:*

- (1) Refers to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers in which New Hope Property Group held a controlling interest.
- (2) Refer to properties developed by joint ventures or associates of New Hope Property Group, including Sichuan New Hope Industrial Co., Ltd. (四川新希望實業有限公司), Chengdu Shenlong Real Estate Development Co., Ltd. (成都申瓏房地產開發有限公司), Sichuan Dongjin Tourism Development Co., Ltd. (四川東進新希望旅遊開發有限公司), Jiaxing Xinjin Properties Co., Ltd. (嘉興新錦置業有限公司), Ningbo Chenxin Properties Co., Ltd. (寧波辰新置業有限公司), Guangxi Tangsheng Investment Co., Ltd. (廣西唐昇投資有限公司), and Nanning Xinyong Properties Co., Ltd. (南寧新邕置業有限公司).
- (3) Refer to properties developed by other associates of our Ultimate Controlling Shareholders, including Sichuan Huaxi Dairy Co., Ltd. (四川華西乳業有限責任公司), New Hope Liuhe Fodder Corp. (新希望六和飼料股份有限公司), Chengdu Jinjiang Xiaokang Comprehensive Outpatient Department Co., Ltd. (成都錦江曉康之家綜合門診部有限公司), Sichuan Xinwang Bank Co., Ltd. (四川新網銀行股份有限公司), Chengdu Xinlimei Beauty Hospital Co., Ltd. (成都新麗美醫療美容醫院有限公司).
- (4) Refer to properties solely developed by independent third-party property developers.

## SUMMARY

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

|  | As of or for the year ended December 31, |                                     |                      |                    |                                     |                      |                |              |           |               |                |              |
|--|--|-------------------------------------|----------------------|--------------------|-------------------------------------|----------------------|----------------|--------------|-----------|---------------|----------------|--------------|
|  | 2018                                     |                                     |                      | 2020               |                                     |                      |                |              |           |               |                |              |
|  | Number of projects                       | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) | Number of projects | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) |                |              |           |               |                |              |
| New Hope Property Group <sup>(1)</sup>                                 | 28                                       | 4,189                               | 104,519              | 89.8               | 38                                  | 5,677                | 127,008        | 90.3         | 47        | 6,998         | 150,053        | 79.0         |
| Joint ventures or associates of New Hope Property Group <sup>(2)</sup> | 3  | 695                                 | 6,154                | 5.3                | 3                                   | 695                  | 6,608          | 4.7          | 8         | 1,937         | 19,627         | 10.4         |
| Associates of our Ultimate Controlling Shareholders <sup>(3)</sup>     | 2  | 139                                 | 5,760                | 4.9                | 4                                   | 163                  | 7,092          | 5.0          | 5         | 178           | 15,482         | 8.2          |
| Independent Third Parties <sup>(4)</sup>                               | -  | -                                   | -                    | -                  | -                                   | -                    | -              | -            | 5         | 1,128         | 4,562          | 2.4          |
| <b>Total</b>   | <b>33</b>                                | <b>5,023</b>                        | <b>116,433</b>       | <b>100.0</b>       | <b>45</b>                           | <b>6,535</b>         | <b>140,708</b> | <b>100.0</b> | <b>65</b> | <b>10,241</b> | <b>189,724</b> | <b>100.0</b> |

**Notes:**

- (1) Refers to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers in which New Hope Property Group held a controlling interest.
- (2) Refer to properties developed by joint ventures or associates of New Hope Property Group, including Sichuan New Hope Industrial Co., Ltd. (四川新希望實業有限公司), Chengdu Shenlong Real Estate Development Co., Ltd. (成都申龍房地產開發有限公司), Sichuan Dongjin Tourism Development Co., Ltd. (四川東進新希望旅遊開發有限公司), Jiaxing Xinjin Properties Co., Ltd. (嘉興新錦置業有限公司), Ningbo Chenxin Properties Co., Ltd. (寧波辰新置業有限公司), Guangxi Tangsheng Investment Co., Ltd. (廣西唐昇投資有限公司) and Nanning Xinyong Properties Co., Ltd. (南寧新邕置業有限公司).
- (3) Refer to properties developed by other associates of our Ultimate Controlling Shareholders, including Sichuan Huaxi Dairy Co., Ltd. (四川華西乳業有限責任公司), New Hope Liuhe Fodder Corp. (新希望六和飼料股份有限公司), Chengdu Jinjiang Xiaokang Comprehensive Outpatient Department Co., Ltd. (成都錦江曉康之家綜合門診部有限公司), Sichuan Xinwang Bank Co., Ltd. (四川新網銀行股份有限公司) and Chengdu Xinlimei Beauty Hospital Co., Ltd. (成都新麗美醫療美容醫院有限公司).
- (4) Refer to properties solely developed by independent third-party property developers.

## SUMMARY

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

|  | Year ended December 31, |             |                       |             |                       |             |
|--|-------------------------|-------------|-----------------------|-------------|-----------------------|-------------|
|  | 2018                    |             | 2019                  |             | 2020                  |             |
|  | <i>(RMB'000)</i>        | %           | <i>(RMB'000)</i>      | %           | <i>(RMB'000)</i>      | %           |
| Property management services . . . . .                   | 29,532                  | 25.4        | 38,115                | 27.1        | 59,208                | 31.2        |
| Value-added services to<br>non-property owners . . . . . | 18,241                  | 35.9        | 54,039                | 42.1        | 73,656                | 43.8        |
| Commercial operational services . . . . .                | 46,999                  | 75.4        | 44,577                | 61.4        | 61,866                | 54.8        |
| Lifestyle services . . . . .                             | 15,157                  | 53.6        | 22,773                | 58.6        | 52,642                | 44.9        |
| <b>Total/Overall . . . . .</b>                           | <b><u>109,929</u></b>   | <b>42.6</b> | <b><u>159,504</u></b> | <b>41.9</b> | <b><u>247,372</u></b> | <b>42.1</b> |

Our overall gross profit margins were affected by the gross profit margin for each of our business segments as well as fluctuations in the type of services provided in each segments. Our overall gross profit margin fluctuated during the Track Record Period, primarily reflecting the fluctuation in gross profit margin of our value-added services to non-property owners, commercial operational services and lifestyle services as a result of (i) the expansion of our sales office management services and community asset management services; and (ii) our newly launched services, such as tenant management services, online and offline retail services and catering services.

The gross profit margin for our property management services increased from 25.4% in 2018 to 27.1% in 2019, primarily due to our business expansion driven by the increases in our aggregate GFA under management and an increase in the average property management fee from RMB3.53 per sq.m in 2018 to RMB3.69 per sq.m in 2019. The gross profit margin for our property management services increased from 27.1% in 2019 to 31.2% in 2020, primarily due to (i) our cost control measures and the realization of greater economies of scale brought by our business expansion; and (ii) the reduction in our required contribution to the social insurance fund as a government relief measure in response to COVID-19.

The gross profit margin for our value-added services to non-property owners increased from 35.9% in 2018 to 42.1% in 2019 primarily due to the realization of economy of scale as a result of our expansion of value-added services to non-property owners in 2019. The gross profit margin for our value-added services to non-property owners increased from 42.1% in 2019 to 43.8% in 2020, primarily because the cost of sales associated with our value-added services to non-property owners, the majority of which were staff costs, decreased as a result of the reduction in our required contribution to the social insurance fund in response to COVID-19. That reduction was partially offset by the additional cost of sales that we incurred



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## SUMMARY

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in starting to provide sales office management services as well as preliminary planning and design consultancy services to properties developed by New Hope Property Group in new cities where we previously had no presence.

The gross profit margin for our commercial operational services decreased from 75.4% in 2018 to 61.4% in 2019, primarily due to the loss we incurred in Wenzhou Liti City Shopping Center, which is still undergoing an early stage of operation, resulting in upfront operation costs that exceeded the revenue we generated from providing commercial operational services to the project. The gross profit margin for our commercial operational services decreased from 61.4% in 2019 to 54.8% in 2020, primarily because we began subleasing Bai Lu Li (白麓里), a shopping street located in Wenzhou, in the last quarter of 2020 as part of our commercial leasing services, which carries relatively lower gross profit margin.

The gross profit margin for our lifestyle services increased from 53.6% in 2018 to 58.6% in 2019, primarily because (i) we almost doubled our revenue from community living services by developing common area management services, which generated high profit margin; and (ii) we expanded our community asset management services, such as carpark related services and property agency services, both of which carry high gross profit margins. The gross profit margin for our lifestyle services decreased from 58.6% in 2019 to 44.9% in 2020, primarily because we started to provide new services, such as online and offline retail services and catering services, to expand our customer base and to seize higher market share; these services were newly provided and we incurred relatively high costs from our operations in the initial stage. In addition, due to their service nature, our online and offline retail services and catering services carried relatively low gross profit margins.

We started planning to develop online and offline retail business and preparing relevant business licenses, permits and filings in June 2019 and we started planning to develop catering services in August 2019. It took us several months to put together the business unit, establish the supply chain, secure the necessary resources, prepare the business premises and the online platform. Accordingly, we did not start the operation of, and record revenue from, our online and offline retail services and catering services until the last quarter of 2019. We recorded gross profits of RMB0.1 million and RMB7.0 million from online and offline retail services and catering services in 2019 and 2020, respectively. From 2019 to 2020, our gross profit margins for our online and offline retail services and catering services increased from 14.6% to 21.7%, primarily because this business line only began to mature in 2020, but we needed to invest considerable resources upfront in preparation of launching this business line in 2019. Our growth in revenue and gross profit from lifestyle service segment from 2019 to 2020 was partially attributable to the start of the monetization of our online and offline retail services and catering services in the last quarter of 2019.



## SUMMARY

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

|  | Year ended December 31, |        |                  |        |                  |        |
|--|-------------------------|--------|------------------|--------|------------------|--------|
|  | 2018                    |        | 2019             |        | 2020             |        |
|  | Gross Profit            |        | Gross Profit     |        | Gross Profit     |        |
|  | Gross Profit            | Margin | Gross Profit     | Margin | Gross Profit     | Margin |
|  | <i>(RMB'000)</i>        | %      | <i>(RMB'000)</i> | %      | <i>(RMB'000)</i> | %      |
| <b>Property management services</b>                |                         |        |                  |        |                  |        |
| New Hope Property Group <sup>(1)</sup> . . . . .   | 25,658                  | 24.5   | 34,790           | 27.4   | 47,546           | 31.7   |
| Joint ventures or associates of                    |                         |        |                  |        |                  |        |
| New Hope Property Group <sup>(2)</sup> . . . . .   | 2,339                   | 38.0   | 2,549            | 38.6   | 6,171            | 31.4   |
| Associates of our Controlling                      |                         |        |                  |        |                  |        |
| Shareholders <sup>(3)</sup> . . . . .              | 1,535                   | 26.6   | 776              | 10.9   | 4,289            | 27.7   |
| Independent Third Parties <sup>(4)</sup> . . . . . | –                       | –      | –                | –      | 1,202            | 26.3   |
| <b>Subtotal</b> . . . . .                          | <u>29,532</u>           | 25.4   | <u>38,115</u>    | 27.1   | <u>59,208</u>    | 31.2   |
| <b>Value-added services to non-property owners</b> |                         |        |                  |        |                  |        |
| New Hope Property Group <sup>(1)</sup> . . . . .   | 13,670                  | 35.6   | 46,591           | 41.9   | 52,418           | 44.1   |
| Joint ventures or associates of                    |                         |        |                  |        |                  |        |
| New Hope Property Group <sup>(2)</sup> . . . . .   | 4,571                   | 36.8   | 7,448            | 43.4   | 18,639           | 42.7   |
| Associates of our Controlling                      |                         |        |                  |        |                  |        |
| Shareholders <sup>(3)</sup> . . . . .              | –                       | –      | –                | –      | 1,169            | 43.2   |
| Independent Third Parties <sup>(4)</sup> . . . . . | –                       | –      | –                | –      | 1,430            | 46.0   |
| <b>Subtotal</b> . . . . .                          | <u>18,241</u>           | 35.9   | <u>54,039</u>    | 42.1   | <u>73,656</u>    | 43.8   |
| <b>Commercial operational services</b>             |                         |        |                  |        |                  |        |
| New Hope Property Group <sup>(1)</sup> . . . . .   | 46,999                  | 75.4   | 44,577           | 61.4   | 61,866           | 54.8   |
| Joint ventures or associates of                    |                         |        |                  |        |                  |        |
| New Hope Property Group <sup>(2)</sup> . . . . .   | –                       | –      | –                | –      | –                | –      |
| Associates of our Controlling                      |                         |        |                  |        |                  |        |
| Shareholders <sup>(3)</sup> . . . . .              | –                       | –      | –                | –      | –                | –      |
| Independent Third Parties <sup>(4)</sup> . . . . . | –                       | –      | –                | –      | –                | –      |
| <b>Subtotal</b> . . . . .                          | <u>46,999</u>           | 75.4   | <u>44,577</u>    | 61.4   | <u>61,866</u>    | 54.8   |

## SUMMARY

|  | Year ended December 31, |             |                       |             |                       |             |
|--|-------------------------|-------------|-----------------------|-------------|-----------------------|-------------|
|  | 2018                    |             | 2019                  |             | 2020                  |             |
|  | Gross Profit            |             | Gross Profit          |             | Gross Profit          |             |
|  | Gross Profit            | Margin      | Gross Profit          | Margin      | Gross Profit          | Margin      |
|  | (RMB'000)               | %           | (RMB'000)             | %           | (RMB'000)             | %           |
| <b>Lifestyle services<sup>(5)</sup></b>            |                         |             |                       |             |                       |             |
| New Hope Property Group <sup>(1)</sup> . . . . .   | 9,889                   | 70.5        | 16,628                | 72.7        | 31,270                | 63.2        |
| Joint ventures or associates of                    |                         |             |                       |             |                       |             |
| New Hope Property Group <sup>(2)</sup> . . . . .   | 1,160                   | 57.1        | 1,771                 | 67.8        | 4,109                 | 62.3        |
| Associates of our Controlling                      |                         |             |                       |             |                       |             |
| Shareholders <sup>(3)</sup> . . . . .              | 2,227                   | 50.4        | 1,856                 | 49.8        | 3,058                 | 52.6        |
| Independent Third Parties <sup>(4)</sup> . . . . . | 1,881                   | 24.1        | 2,518                 | 26.1        | 14,205                | 25.7        |
| <b>Subtotal</b> . . . . .                          | <u>15,157</u>           | 53.6        | <u>22,773</u>         | 58.6        | <u>52,642</u>         | 44.9        |
| <b>Total</b> . . . . .                             | <u><b>109,929</b></u>   | <b>42.6</b> | <u><b>159,504</b></u> | <b>41.9</b> | <u><b>247,372</b></u> | <b>42.1</b> |

*Notes:*

- (1) Refers to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers in which New Hope Property Group held a controlling interest.
- (2) Refer to properties developed by joint ventures or associates of New Hope Property Group, including Chengdu Shenlong Property Development Co., Ltd. (成都申瓏房地產開發有限公司), Sichuan New Hope Industry Co., Ltd. (四川新希望實業有限公司), Sichuan Dongjin New Hope Tourism Development Co., Ltd. (四川東進新希望旅遊開發有限公司), Jiaxing Xinjin Real Estate Co., Ltd. (嘉興新錦置業有限公司), Ningbo Chenxin Real Estate Co., Ltd. (寧波辰新置業有限公司), Guangxi Tangsheng Investment Co., Ltd. (廣西唐昇投資有限公司) and Nanning Xinyong Real Estate Co., Ltd. (南寧新邕置業有限公司).
- (3) Refer to properties developed by other associates of our Ultimate Controlling Shareholders, including Sichuan Huaxi Dairy Co., Ltd. (四川華西乳業有限責任公司), New Hope Liuhe Fodder Corp. (新希望六和飼料股份有限公司), Chengdu Jinjiang Xiaokang Comprehensive Outpatient Department Co., Ltd. (成都錦江曉康之家綜合門診部有限公司), Sichuan Xinwang Bank Co., Ltd. (四川新網銀行股份有限公司) and Chengdu Xinlimei Beauty Hospital Co., Ltd. (成都新麗美醫療美容醫院有限公司).
- (4) Refer to properties solely developed by independent third-party property developers.
- (5) We have included the relevant data for online and offline retail services and catering services and marketing event organization services under the lifestyle service segment in the category of Independent Third Parties as it is not readily ascertainable for us whether the customers for these services are associated with any property project developed by a particular type of property developers.

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## SUMMARY

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During the Track Record Period, our gross profit margin for the property management services that we provided to projects developed by New Hope Property Group, joint ventures or associates of New Hope Property Group, and associates of our Controlling Shareholders was generally higher than that of projects developed by Independent Third Parties. Such difference was primarily because the projects developed by New Hope Property Group, joint ventures or associates of New Hope Property Group, and associates of our Controlling Shareholders that we managed were mainly residential properties; whereas certain projects developed by Independent Third Parties were subway facilities and transit-oriented development projects, which typically carried relatively low gross profit margins due to their public service nature.

Our gross profit margin for the value added services to non-property owners that we provided to projects developed by New Hope Property Group, joint ventures or associates of New Hope Property Group, associates of our controlling shareholders, and Independent Third Parties remained relatively at the same level and showed no significant difference during the Track Record Period.

During the Track Record Period, our gross profit margin for the lifestyle services that we provided to projects developed by New Hope Property Group, joint ventures or associates of New Hope Property Group, and associates of our Controlling Shareholders was generally higher than that for projects developed by Independent Third Parties. This difference was primarily because the lifestyle services we provided to the projects developed by New Hope Property Group, joint ventures or associates of New Hope Property Group, and associates of our Controlling Shareholders were mainly community living services and community asset management services, such as carpark related services, which carried relatively high gross profit margins; whereas the lifestyle services we provided to projects developed by Independent Third Parties were mainly marketing event organization services as well as online and offline retail services and catering services, which carried relatively low gross profit margin given their service nature. In addition, since our online and offline retail services and catering services were still at the initial stage of operation, they incurred relatively high operating costs which further lowered their gross profit margins.

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## SUMMARY

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The following table sets forth a breakdown of our gross profit margin by type of ultimate paying customers during the years indicated:

|  | Year ended December 31, |              |              |
|--|-------------------------|--------------|--------------|
|  | 2018                    | 2019         | 2020         |
| New Hope Property Group, joint ventures or associates of New Hope Property Group, and associates of our Controlling Shareholders (“New Hope Property Group and related companies”) . . . | 34.7%                   | 41.7%        | 43.7%        |
| Independent Third Parties . . . . .  | 45.2%                   | 42.0%        | 40.9%        |
| <b>Total/Overall</b> . . . . .   | <b>42.6%</b>            | <b>41.9%</b> | <b>42.1%</b> |

In 2018, our gross profit margin from Independent Third Parties was higher than that from New Hope Property Group and related companies, primarily because our gross profit margin from New Hope Property Group and related companies mainly came from our property management services and value-added services to non-property owners, whereas our gross profit margin from Independent Third Parties mainly came from our property management services, commercial operational services and lifestyle services. Since the overall gross profit margins for our commercial operational services and lifestyle services were higher than that for our value-added services to non-property owners in 2018, our gross profit margin for services provided to Independent Third Parties was higher than that for services provided to New Hope Property Group and related companies. In 2019, our gross profit margin from New Hope Property Group and related companies increased from 34.7% in 2018 to 41.7% in 2019 as we expanded our value-added services to non-property owners and realized greater economies of scale, and there was no material difference between our gross profit margin from New Hope Property Group and related companies and that from Independent Third Parties. In 2020, our gross profit margin from Independent Third Parties decreased to 40.9%, which was lower than that from New Hope Property Group and related companies, primarily because we expanded our online and offline retail services and catering services provided to Independent Third Parties in 2020, which carried relatively low gross profit margins due to their service nature.

## SUMMARY

The following tables set forth a breakdown of our average property management fees by property developer type for the years indicated:

|  | Year ended December 31,          |             |             |
|--|----------------------------------|-------------|-------------|
|  | 2018                             | 2019        | 2020        |
|  | <i>(RMB per sq.m. per month)</i> |             |             |
| New Hope Property Group <sup>(1)</sup> . . . . .                                 | 3.41                             | 3.50        | 3.41        |
| Joint ventures or associates of New Hope Property Group <sup>(2)</sup> . . . . . | 3.02                             | 2.86        | 2.84        |
| Associates of our Controlling Shareholders <sup>(3)</sup> . . . . .              | 8.09                             | 10.72       | 10.90       |
| Independent Third Parties <sup>(4)</sup> . . . . .                               | –                                | –           | 1.99        |
| <b>Overall average property management fee<sup>(5)</sup> . . . . .</b>           | <b>3.53</b>                      | <b>3.69</b> | <b>3.44</b> |

*Notes:*

- (1) Refers to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers in which New Hope Property Group held a controlling interest.
- (2) Refer to properties developed by joint ventures or associates of New Hope Property Group, including Chengdu Shenlong Property Development Co., Ltd. (成都申龍房地產開發有限公司), Sichuan New Hope Industry Co., Ltd. (四川新希望實業有限公司), Sichuan Dongjin New Hope Tourism Development Co., Ltd. (四川東進新希望旅遊開發有限公司), Jiaxing Xinjin Real Estate Co., Ltd. (嘉興新錦置業有限公司), Ningbo Chenxin Real Estate Co., Ltd. (寧波辰新置業有限公司), Guangxi Tangsheng Investment Co., Ltd. (廣西唐昇投資有限公司) and Nanning Xinyong Real Estate Co., Ltd. (南寧新邕置業有限公司).
- (3) Refer to properties developed by other associates of our Ultimate Controlling Shareholders, including Sichuan Huaxi Dairy Co., Ltd. (四川華西乳業有限責任公司), New Hope Liuhe Fodder Corp. (新希望六和飼料股份有限公司), Chengdu Jinjiang Xiaokang Comprehensive Outpatient Department Co., Ltd. (成都錦江曉康之家綜合門診部有限公司), Sichuan Xinwang Bank Co., Ltd. (四川新網銀行股份有限公司), Chengdu Xinlimei Beauty Hospital Co., Ltd. (成都新麗美醫療美容醫院有限公司).
- (4) Refer to properties solely developed by independent third-party property developers.
- (5) See “Business—Property Management Services—Our Pricing Policy” for details on how we price our property management services.

During the Track Record Period, there were no substantive differences in determination of fee rates by property developer type for our value-added services to non-property owners, commercial operational services and lifestyle services.

## SUMMARY

The following table sets forth a breakdown of our total number of projects and GFA under management by property type as of the dates indicated, and revenue from property management services by property type for the years indicated, both in absolute amount and as a percentage of revenue from property management services:

|                                   | As of or for the year ended December 31, |                                     |                      |              |                    |                                     |                      |              |                    |                                     |                      |              |
|-----------------------------------|--|-------------------------------------|----------------------|--------------|--------------------|-------------------------------------|----------------------|--------------|--------------------|-------------------------------------|----------------------|--------------|
|                                   | 2018                                     |                                     |                      |              | 2019               |                                     |                      |              | 2020               |                                     |                      |              |
|                                   | Number of projects                       | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) | %            | Number of projects | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) | %            | Number of projects | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) | %            |
| Residential . . . . .             | 20                                       | 3,245                               | 62,459               | 53.6         | 28                 | 4,594                               | 88,908               | 63.2         | 40                 | 6,951                               | 112,452              | 59.3         |
| Non-residential . . . . .         |  |                                     |                      |              |                    |                                     |                      |              |                    |                                     |                      |              |
| - Commercial . . . . .            | 13                                       | 1,778                               | 53,974               | 46.4         | 16                 | 1,930                               | 51,006               | 36.2         | 18                 | 2,100                               | 70,420               | 37.1         |
| - Other non-residential . . . . . | -  | -                                   | -                    | -            | 1                  | 11                                  | 794                  | 0.6          | 7                  | 1,190                               | 6,852                | 3.6          |
| <b>Total . . . . .</b>            | <b>33</b>                                | <b>5,023</b>                        | <b>116,433</b>       | <b>100.0</b> | <b>45</b>          | <b>6,535</b>                        | <b>140,708</b>       | <b>100.0</b> | <b>65</b>          | <b>10,241</b>                       | <b>189,724</b>       | <b>100.0</b> |

## SUMMARY

As of December 31, 2020, we were contracted to provide property management services under preliminary property management service agreements to 26 residential projects that had not been delivered to us, and for which we had not begun collecting property management fees in relation to our contractual obligations to provide property management services. Among the 26 undelivered projects, 18 were developed by New Hope Property Group and the rest were developed by joint ventures or associates of New Hope Property Group. As of the same date, our total contracted GFA of the undelivered projects amounted to approximately 5.1 million sq.m. The estimated time of delivery and revenue generation of the undelivered projects ranges from February 2021 to June 2023.

The table below sets forth the expiration schedule of our property management service agreements for projects under our management and contracted but undelivered projects as of December 31, 2020:

|  | Projects under management |                     |                      |                     | Contracted but undelivered projects |                     |                      |                     |
|--|---------------------------|---------------------|----------------------|---------------------|-------------------------------------|---------------------|----------------------|---------------------|
|  | GFA                       |                     | Number of agreements |                     | GFA                                 |                     | Number of agreements |                     |
|  | <i>(sq.m.'000)</i>        | %                   | <i>Number</i>        | %                   | <i>(sq.m.'000)</i>                  | %                   | <i>Number</i>        | %                   |
| Property management service agreements without fixed terms . . .               | 7,839                     | 76.5                | 50                   | 76.9                | 5,082                               | 100.0               | 26                   | 100.0               |
| Property management service agreements with fixed terms expiring in: . . . . . |                           |                     |                      |                     |                                     |                     |                      |                     |
| Year ending December 31, 2021 . . .  | 1,306                     | 12.8                | 6                    | 9.2                 | -                                   | -                   | -                    | -                   |
| Year ending December 31, 2022 . . .  | 914                       | 8.9                 | 7                    | 10.8                | -                                   | -                   | -                    | -                   |
| Year ending December 31, 2023 . . .  | 182                       | 1.8                 | 2                    | 3.1                 | -                                   | -                   | -                    | -                   |
| <b>Total . . . . .</b>   | <b><u>10,241</u></b>      | <b><u>100.0</u></b> | <b><u>65</u></b>     | <b><u>100.0</u></b> | <b><u>5,082</u></b>                 | <b><u>100.0</u></b> | <b><u>26</u></b>     | <b><u>100.0</u></b> |

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## SUMMARY

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### OUR COMPETITIVE STRENGTHS

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

- A high-quality and fast-growing lifestyle service operator focusing on the metropolitan areas and urban agglomerations in China;
- Diversified and high quality portfolio of properties under management and professional commercial operational service capabilities;
- A wide range of lifestyle services based on customers' needs and forming a lifestyle service ecosystem;
- Strong support from New Hope Group, a comprehensive industrial conglomerate with a vision to create better lives for consumers and a footprint covering a variety of industries;
- Smart information system enhancing operational efficiency and customer experience; and
- A corporate culture of happiness and striving to achieve, and an excellent and inter-disciplinary team to provide organizational support for our business growth.

### OUR STRATEGIES

We intend to implement the following strategies to further strengthen our market position in China's property management industry:

- Continue to expand in the metropolitan areas and urban agglomerations in China to increase our business scale;
- Focusing on the residents' desire for a better life, connect New Hope Group's industries to continue to enhance our lifestyle services;
- Continue to increase investment in technologies to improve service quality as well as operating efficiency;
- Improve the operational efficiency of commercial operational services and enhance the capability of serving communities; and
- Continue to improve our human resources system to support business growth.



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## SUMMARY

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### **OUR STRATEGIC BUSINESS RELATIONSHIP WITH AND RELIANCE ON NEW HOPE GROUP**

We have maintained a long-standing strategic business relationship with New Hope Group, a comprehensive industrial conglomerate in China. In 2018, 2019 and 2020, revenue generated from our services provided to New Hope Group amounted to RMB62.9 million, RMB132.5 million and RMB242.4 million, respectively, accounting for 24.4%, 34.8% and 41.2% of our total revenue, respectively. New Hope Group was also our suppliers during the Track Record Period, providing us certain food and dairy products. For details, see “Business—Suppliers.” In addition, revenue generated from property management services provided to property projects developed by New Hope Property Group, joint ventures or associates of New Hope Property Group and other associates of our Controlling Shareholders represented 100.0%, 100.0% and 97.6% of our total revenue from property management service segment in 2018, 2019 and 2020, respectively. The total GFA under management from property projects developed by New Hope Property Group, joint ventures or associates of New Hope Property Group and other associates of our Controlling Shareholders amounted to approximately 5.0 million sq.m., 6.5 million sq.m. and 9.1 million sq.m., respectively, as of December 31, 2018, 2019 and 2020. According to Savills and EH Consulting, it is common in the PRC that property management service providers obtain property projects from their affiliated property developers. While our cooperation with and reliance on New Hope Property Group, joint ventures or associates of New Hope Property Group and other associates of our Controlling Shareholders may continue in the future, we began to allocate more resources to speed up the business development with independent third-party property developers in 2020. As of December 31, 2020, we managed five property projects developed by independent third-party property developers with an aggregate GFA under management of 1.1 million sq.m., representing 11.0% of our total GFA under management as of the same date. Our revenue generated from property management service provided to property projects developed by independent third-party property developers represented 2.4% of our total revenue generated from property management service segment in 2020. As of the Latest Practicable Date, we managed ten property projects developed by independent third-party property developers with an aggregate GFA under management of 1.5 million sq.m., representing 13.2% of our total GFA under management as of the same date. For details on our measures to reduce reliance on New Hope Group, see “Business—Our Strategies—Continue to expand in the metropolitan areas and urban agglomerations in China to increase our business scale.”

### **OUR CUSTOMERS AND SUPPLIERS**

Our customer base primarily consists of property developers, property owners, property owners’ associations, businesses, residents and tenants. In 2018, 2019 and 2020, revenue from our five largest customers amounted to RMB64.0 million, RMB133.9 million and RMB262.5 million, respectively, accounting for 24.8%, 35.2% and 44.6% of our total revenue for the same periods, respectively. During the Track Record Period, our largest customer was New Hope Group, to whom we provided property management services, value-added services to non-property owners, commercial operational services and lifestyle services. In 2018, 2019 and 2020, revenue generated from our services provided to New Hope Group amounted to

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## SUMMARY

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RMB62.9 million, RMB132.5 million and RMB242.4 million, respectively, accounting for 24.4%, 34.8% and 41.2% of our total revenue, respectively. See “Connected Transactions—(C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders’ Approval Requirements.” Other than New Hope Group, our five largest customers during the Track Record Period were Independent Third Parties. During the Track Record Period, New Hope Group was also our second largest supplier in 2020, from whom we purchased certain food and dairy product in the amount of RMB5.9 million, accounting for 1.7% of our total cost of sales. For details, see “Business—Customers.”

Our suppliers are primarily subcontractors located in China which provide cleaning, security, landscaping, certain repair and maintenance services and third-party suppliers for our online and offline retail services and catering services. In 2018, 2019 and 2020, purchases from our five largest suppliers amounted to RMB13.0 million, RMB15.1 million and RMB25.3 million, respectively, accounting for 8.8%, 6.8% and 7.4% of our total purchases for the same periods, respectively. In 2018, 2019 and 2020, purchases from our largest supplier amounted to RMB3.3 million, RMB3.3 million and RMB8.2 million, respectively, accounting for approximately 2.2%, 1.5% and 2.4%, respectively, of our total cost of sales. During the track record period, save as our second largest supplier in 2020, New Hope Group, all of our five largest suppliers were Independent Third Parties. For details, see “Business—Suppliers.”

### CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), Golden Rose will directly hold 68.1% of the issued share capital of our Company. Golden Rose is wholly owned by New Prosperity, which is in turn wholly owned by Sea Glory Developments Limited, a special purpose holding vehicle wholly owned by the trustee of the Cathaya Trust. The Cathaya Trust is an irrevocable discretionary trust for the benefit of Mr. Liu’s family members. By virtue of the Acting in Concert Deed, Mr. Liu and Ms. Liu Chang, through Golden Rose, New Prosperity, Adventure Way Pte. Ltd. and Medea Investments Limited, controls more than 30% of the voting power at the general meeting of our Company. Accordingly, Mr. Liu, Ms. Liu Chang, Golden Rose, New Prosperity, Medea Investments Limited and Adventure Way Pte. Ltd. are our Controlling Shareholders under the Listing Rules. See “Relationship with Controlling Shareholders”.

We have entered into certain agreements with our connected persons which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Listing. See “Connected Transactions.”

### PRE-IPO INVESTMENT

August Mist made an investment in our Company for a cash consideration of US\$359,200, which was settled on December 25, 2020. The total investment cost per Share of August Mist under the Pre-IPO Investment represents a discount of approximately 96.4% to the Offer Price per Share (based on the mid-point of the indicative Offer Price range of HK\$4.25 per Share). The Shares held by August Mist will be subject to lock-up for a period of six

## SUMMARY

months after Listing. See “History, Reorganization and Corporate Structure—Pre-IPO Investment” for details. Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), August Mist will hold approximately 2.25% of the total issued share capital of our Company.

### SUMMARY KEY FINANCIAL INFORMATION

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

#### Combined Statements of Profit or Loss and Other Comprehensive Income

|   | Year ended December 31, |                  |                  |
|---|-------------------------|------------------|------------------|
|   | 2018                    | 2019             | 2020             |
|   | <i>(RMB'000)</i>        |                  |                  |
| <b>Revenue</b> . . . . .  | 257,964                 | 380,543          | 588,263          |
| Cost of sales . . . . .   | <u>(148,035)</u>        | <u>(221,039)</u> | <u>(340,891)</u> |
| <b>Gross profit</b> . . . . .                                       | <u>109,929</u>          | <u>159,504</u>   | <u>247,372</u>   |
| Other net (loss)/income . . . . .                                   | (1,183)                 | 7,122            | 10,258           |
| Selling expenses . . . . .  | (1,254)                 | (3,427)          | (3,174)          |
| Administrative expenses . . . . .                                   | (55,155)                | (82,201)         | (119,401)        |
| Expected credit loss on financial assets . . . . .                  | <u>(294)</u>            | <u>(1,412)</u>   | <u>251</u>       |
| <b>Profit from operations</b> . . . . .                             | 52,043                  | 79,586           | 134,804          |
| Finance costs, net . . . . .  | (313)                   | (3,045)          | (2,705)          |
| Share of profits less losses of an associate . . . . .              | <u>55</u>               | <u>616</u>       | <u>499</u>       |
| <b>Profit before taxation</b> . . . . .                             | 51,785                  | 77,157           | 132,598          |
| Income tax . . . . .  | (10,727)                | (13,116)         | (22,828)         |
| <b>Profit and total comprehensive income for the year</b> . . . . . | <u>41,058</u>           | <u>64,041</u>    | <u>109,770</u>   |
| <b>Profit attributable to:</b>                                      |                         |                  |                  |
| Equity shareholders of the Company . . . . .                        | 41,094                  | 63,933           | 109,770          |
| Non-controlling interests . . . . .                                 | <u>(36)</u>             | <u>108</u>       | <u>–</u>         |
| <b>Profit and total comprehensive income for the year</b> . . . . . | <u>41,058</u>           | <u>64,041</u>    | <u>109,770</u>   |

## SUMMARY

We experienced rapid growth in revenue, gross profit and profit and total comprehensive income during the Track Record Period, primarily due to (i) the increases in our aggregate GFA under management from Projects Developed by New Hope Property Group during the Track Record Period; (ii) our provision of new services, such as tenant management services and online and off-line retail services and catering services; (iii) our enhanced efforts to expand our community living services and community asset management services; (iv) our improved cost control measures and the realization of greater economies of scale as a result of our organic growth. See “Financial Information—Description of Certain Combined Statement of Profit or Loss and Other Comprehensive Income Items” in this prospectus for more details.

### Selected Items of Combined Statements of Financial Position

|  | As of December 31, |           |         |
|--|--------------------|-----------|---------|
|  | 2018               | 2019      | 2020    |
|  | <i>(RMB'000)</i>   |           |         |
| <b>Non-current assets</b> . . . . .  | 43,120             | 55,191    | 103,636 |
| – Property, plant and equipment . . . . .                                      | 7,436              | 12,466    | 17,098  |
| – Investment properties . . . . .  | 29,470             | 32,273    | 71,680  |
| – Intangible assets . . . . .  | 3,466              | 4,036     | 5,799   |
| – Interests in an associate . . . . .  | 1,256              | 1,757     | 1,643   |
| – Other financial assets . . . . .   | 30                 | 30        | 30      |
| – Deferred tax assets . . . . .  | 1,462              | 4,629     | 7,386   |
| <b>Current assets</b> . . . . .  | 536,879            | 1,262,635 | 487,540 |
| – Inventories . . . . .  | 83                 | 43        | 299     |
| – Due from related companies . . . . .   | 339,088            | 1,103,462 | 173,402 |
| – Prepayments, deposits and other<br>receivables . . . . .                     | 21,490             | 26,653    | 38,122  |
| – Trade receivables . . . . .  | 59,153             | 83,130    | 163,103 |
| – Cash and cash equivalents . . . . .  | 117,065            | 49,347    | 112,614 |
| <b>Total assets</b> . . . . .  | 579,999            | 1,317,826 | 591,176 |
| <b>Non-current liabilities</b> . . . . .                                       | 16,516             | 522,255   | 48,882  |
| – Long-term borrowings . . . . .   | –                  | 509,110   | –       |
| – Lease liabilities . . . . .  | 16,516             | 12,446    | 46,354  |
| – Deferred tax liabilities . . . . .   | –                  | 699       | 2,528   |
| <b>Current liabilities</b> . . . . .   | 194,735            | 372,337   | 396,996 |
| – Trade payables . . . . .   | 18,128             | 24,452    | 43,653  |
| – Other payables and accruals . . . . .  | 86,654             | 133,637   | 172,175 |
| – Contract liabilities . . . . .   | 66,809             | 88,620    | 161,706 |
| – Current taxation . . . . .   | 1,100              | 4,604     | 12,174  |
| – Due to related companies . . . . .   | 16,884             | 39,724    | 43      |
| – Current portion of long-term<br>borrowings . . . . .                         | –                  | 75,085    | –       |
| – Lease liabilities . . . . .  | 5,160              | 6,215     | 7,245   |
| <b>Total liabilities</b> . . . . .   | 211,251            | 894,592   | 445,878 |
| Net current assets . . . . .   | 342,144            | 890,298   | 90,544  |
| Net assets . . . . .   | 368,748            | 423,234   | 145,298 |
| Total equity . . . . .   | 368,748            | 423,234   | 145,298 |
| – Total equity attributable to equity<br>shareholders of the Company . . . . . | 369,077            | 423,234   | 145,298 |
| – Non-controlling interests . . . . .  | (329)              | –         | –       |

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## SUMMARY

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Our current assets increased significantly from RMB536.9 million as of December 31, 2018 to RMB1,262.6 million as of December 31, 2019, primarily due to the increases in (i) due from related companies; and (ii) trade receivables. Our due from related companies increased from RMB339.1 million in 2018 to RMB1,103.5 million in 2019, primarily due to the 2019 ABS Arrangement. See “Financial Information—Indebtedness—Borrowings—2019 ABS” in this prospectus for more information. Our trade receivables increased rapidly from RMB59.2 million as of December 31, 2018 to RMB83.1 million as of December 31, 2019. Such increase was the result of and in line with our continuous business growth as manifested by the expansion of our services and the new services, such as preliminary planning services, tenant management services, online and offline retail services and catering services. Our current assets then decreased significantly to RMB487.5 million, primarily due to a decrease in due from related companies in connection with the full settlement of the 2019 ABS in 2020.

The increases in our non-current assets were primarily due to increases in (i) property, plant and equipment; and (ii) deferred tax assets from December 31, 2018 to December 31, 2020. We recorded property, plant and equipment in the amount of RMB7.4 million, RMB12.5 million and RMB17.1 million, respectively, as of December 31, 2018, 2019 and 2020. Our property, plant and equipment primarily consists of machinery, vehicles, electronic equipment, office and other equipment, furniture and fixtures, and right-of-use assets. The increases were mainly due to our purchase of additional office equipment and computers, as well as lease of right-of-use assets, including new offices and employee dormitories, as well as payments relating to new office and dormitory renovation. Such increases were in line with our business expansion. See “Financial Information—Description of Certain Combined Statement of Financial Position Items—Assets—Property, plant and equipment” in this prospectus for more information. We also recorded the value of deferred tax assets in the amount of RMB1.5 million, RMB4.6 million and RMB7.4 million, respectively, as of the same dates, primarily as a result of our recognition of deferred tax assets in respect of cumulative tax losses.

Our net assets decreased from RMB423.2 million as of December 31, 2019 to RMB145.3 million as of December 31, 2020, primarily due to RMB315.7 million of dividends that we declared in 2020.

Our net current assets increased significantly from RMB342.1 million as of December 31, 2018 to RMB890.3 million as of December 31, 2019, primarily due to the RMB764.4 million increase in amounts due from related companies, partially offset by (i) RMB75.1 million increase in the current portion of long-term borrowings; (ii) RMB47.0 million increase in other payables and accruals; and (iii) RMB21.8 million increase in contract liabilities. Our net current assets decreased significantly from RMB890.3 million as of December 31, 2019 to RMB90.5 million as of December 31, 2020 primarily due to (i) the RMB930.1 million decrease in amounts due from related companies, and (ii) the RMB73.1 million increase in contract liabilities, partially offset by (i) the RMB80.0 million increase in trade receivables, (ii) the RMB63.3 million increase in cash and cash equivalents, and (iii) the RMB75.1 million decrease in current portion of long-term borrowings.

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## SUMMARY

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Our total assets increased significantly from RMB580.0 million as of December 31, 2018 to RMB1,317.8 million as of December 31, 2019, primarily due to the RMB764.4 million increase in amounts due from related companies. Our total assets decreased significantly from RMB1,317.8 million as of December 31, 2019 to RMB591.2 million as of December 31, 2020, primarily due to the RMB930.1 million decrease in amounts due from related companies.

In March 2019, New Hope Property, our immediate parent company prior to the Reorganization, made a loan of RMB600.0 million to us and then entered into the 2019 ABS Arrangement, a non-recurring asset-backed security with CITIC Securities Company Limited (“中信証券股份有限公司”). Our involvement in the 2019 ABS Arrangement was in support of New Hope Property’s exploration of new means of financing by using our future rights to receive property management fees from certain properties under our management as a pledge of the 2019 ABS. In connection with the 2019 ABS Arrangement, we made loans to New Hope Property Group with an aggregate principal amount of RMB600.0 million at the same effective interest rate as the 2019 ABS. During 2019 and 2020, we repaid RMB26.9 million and RMB61.7 million, respectively, of the principal amount of the 2019 ABS to the holders of the 2019 ABS. As of March 8, 2021, the 2019 ABS had been fully settled. The Group will not enter into similar ABS arrangements in the future.

### **Non-IFRS Measures**

To supplement our combined financial statements which are presented in accordance with IFRS, we also presented adjusted profit and total comprehensive income, adjusted net profit margin and adjusted gearing ratio as additional financial measures. See “Financial Information—Non-IFRS Measures” for detailed definitions and methods of calculation.

These non-IFRS measures eliminate the effect of borrowings and loans due from related parties and borrowings related to the ABS arrangement, which are not related to our ordinary course of business and are non-recurring in nature. We believe that these non-IFRS measures facilitate comparison of our financial performance and position by eliminating the impact of items that we do not consider indicative of the actual performance of our business, and therefore provide more useful information to investors and others in understanding and evaluating our combined results of operations and financial position in the same manner as our management. Our presentation of these non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

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## SUMMARY

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The following table reconciles our adjusted profit and total comprehensive income in each year of the Track Record Period presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

|   | Year ended December 31, |               |                |
|---|-------------------------|---------------|----------------|
|   | 2018                    | 2019          | 2020           |
|   | <i>(RMB'000)</i>        |               |                |
| Profit and total comprehensive income for the year. . . . .                         | 41,058                  | 64,041        | 109,770        |
| Less:   |                         |               |                |
| – Finance income related to borrowings and loans due from related parties . . . . . | –                       | 36,640        | 35,315         |
| Add:  |                         |               |                |
| – Finance costs related to borrowings and loans due from related parties . . . . .  | –                       | 38,839        | 36,928         |
| <b>Adjusted profit and total comprehensive income. . . . .</b>                      | <b>41,058</b>           | <b>66,240</b> | <b>111,383</b> |

Our adjusted net profit margin was 15.9%, 17.4% and 18.9%, respectively, in 2018, 2019 and 2020. The following table reconciles our adjusted total equity as of the dates indicated to the most directly comparable financial measure calculated and presented in accordance with IFRS:

|   | Year ended December 31, |                |                |
|---|-------------------------|----------------|----------------|
|   | 2018                    | 2019           | 2020           |
|   | <i>(RMB'000)</i>        |                |                |
| Total equity . . . . .  | 368,748                 | 423,234        | 145,298        |
| Less:   |                         |                |                |
| – Income and costs related to borrowings and loans due from related parties . . . . . | –                       | 2,199          | 1,613          |
| <b>Adjusted total equity . . . . .</b>  | <b>368,748</b>          | <b>425,433</b> | <b>146,911</b> |



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## SUMMARY

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

|  | Year ended December 31, |          |          |
|--|-------------------------|----------|----------|
|  | 2018                    | 2019     | 2020     |
|  | <i>(RMB'000)</i>        |          |          |
| Sum of long-term and short-term interest-bearing bank and other borrowings and lease liabilities . . . | –                       | 584,195  | –        |
| Less:  |                         |          |          |
| – Borrowings related to ABS . . . . .  | –                       | 584,195  | –        |
| <b>Adjusted bank and other borrowings and lease liabilities . . . . .</b>                              | <b>–</b>                | <b>–</b> | <b>–</b> |

Our adjusted gearing ratio is nil during the Track Record Period.

The following table sets forth the impact of the 2019 ABS on our net profits, net profit margins and gearing ratios during the Track Record Period after excluding the other income and finance expenses in relation to the 2019 ABS from our financial results as of the dates and for the years indicated:

|   | As of and for the years ended<br>December 31, |        |         |
|---|---|--------|---------|
|   | 2018  | 2019   | 2020    |
|   | <i>(RMB'000, except for percentages)</i>      |        |         |
| <b>Before adjusting for the 2019 ABS:</b>               |   |        |         |
| Profit and total comprehensive income for the year. . . | 41,058  | 64,041 | 109,770 |
| Net profit margin. . . . .                              | 15.9%   | 16.8%  | 18.7%   |
| Gearing ratio . . . . .                                 | –   | 138.0% | –       |
| <b>After adjusting for the 2019 ABS:</b>                |   |        |         |
| Profit and total comprehensive income for the year. . . | 41,058  | 66,240 | 111,383 |
| Net profit margin. . . . .                              | 15.9%   | 17.4%  | 18.9%   |
| Gearing ratio . . . . .                                 | –   | –      | –       |

See “Financial Information—Indebtedness—Borrowings—2019 ABS” and “Financial Information—Non-IFRS Measures” in this prospectus for more information.



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## SUMMARY

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### Selected Items of Combined Statements of Cash Flows

|   | Year ended December 31, |           |           |
|---|-------------------------|-----------|-----------|
|   | 2018                    | 2019      | 2020      |
|   | <i>(RMB'000)</i>        |           |           |
| Cash generated from operations . . . . .                  | 74,171                  | 125,043   | 181,384   |
| Income taxes paid . . . . .                               | (15,433)                | (12,080)  | (16,186)  |
| Net cash generated from operating activities . . . . .    | 58,738                  | 112,963   | 165,198   |
| Net cash (used in)/generated from                         |                         |           |           |
| investing activities . . . . .                            | (80,213)                | (724,655) | 288,507   |
| Net cash (used in)/generated from                         |                         |           |           |
| financing activities . . . . .                            | (2,014)                 | 543,974   | (390,438) |
| <b>Net (decrease)/increase in cash and</b>                |                         |           |           |
| <b>cash equivalents . . . . .</b>                         | (23,489)                | (67,718)  | 63,267    |
| <b>Cash and cash equivalents at January 1 . . . . .</b>   | 140,554                 | 117,065   | 49,347    |
| <b>Cash and cash equivalents at December 31 . . . . .</b> | 117,065                 | 49,347    | 112,614   |

Our net cash flows used in investing activities increased from RMB80.2 million in 2018 to RMB724.7 million in 2019, primarily due to (i) loans of RMB600.0 million provided to related parties; (ii) RMB118.7 million of repayment of advances from related parties; and (iii) payment of RMB6.2 million for the purchase of property, plant and equipment in 2019. Our net cash flow from investing activities amounted to RMB288.5 million in 2020, primarily due to repayment of advances of RMB298.4 million by related parties in 2020.

Our net cash generated from financing activities amounted to RMB544.0 million in 2019, primarily due to proceeds of RMB600.0 million from long-term borrowings in 2019, as partially offset by (i) RMB34.6 million of interests paid; (ii) RMB26.9 million of repayments for long-term borrowings; (iii) RMB8.5 million of dividends paid; and (iv) RMB6.7 million of capital element of leases rentals paid. Our net cash used in financing activities amounted to RMB390.4 million in 2020, primarily due to (i) RMB315.7 million of dividends paid; (ii) RMB79.4 million of payment for the acquisition of subsidiaries under common control; (iii) RMB50.1 million of repayment of long-term borrowings; and (iv) RMB45.1 million of interest paid, as partially offset by RMB102.4 million of advances from related parties in 2020.

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## SUMMARY

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### Summary of Key Financial Ratios

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

|   | As of/for the year ended December 31, |       |      |
|---|---------------------------------------|-------|------|
|   | 2018                                  | 2019  | 2020 |
| Current ratio (times) . . . . .           | 2.8                                   | 3.4   | 1.2  |
| Liabilities to assets ratio (%) . . . . . | 36.4                                  | 67.9  | 75.4 |
| Gearing ratio (%) . . . . .               | –                                     | 138.0 | –    |
| Return on total assets (%) . . . . .      | 11.0                                  | 6.7   | 11.5 |
| Return on equity (%) . . . . .            | 12.0                                  | 16.2  | 38.6 |

Our current ratio decreased from 3.4 as of December 31, 2019 to 1.2 as of December 31, 2020, primarily due to a significant decrease in our current assets due to a decrease in our due from related companies as a result of the settlement of the 2019 ABS. Our liabilities to assets ratio increased from 36.4% as of December 31, 2018 to 67.9% as of December 31, 2019, primarily due to our ABS liabilities in 2019. Our gearing ratio decreased significantly from 138.0% as of December 31, 2019 to nil as of December 31, 2020, primarily due to our settlement in full of the long-term borrowings arising from the 2019 ABS Arrangement. Our return on total assets decreased from 11.0% as of December 31, 2018 to 6.7% as of December 31, 2019, then increased back to 11.5% as of December 31, 2020, primarily due to an increase in our total assets in 2019 as a result of an increase in due from related companies arising from the 2019 ABS Arrangement, which we fully settled as of December 31, 2020. Our return on equity increased from 16.2% as of December 31, 2019 to 38.6% as of December 31, 2020, primarily due to (i) the increase in our profit and our relatively high profits in 2020; and (ii) a significant decrease in our total equity resulting from dividend distribution in 2020. For the definitions and further analysis of key financial ratios in the table above, see “Financial Information—Summary of Key Financial Ratios.”

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## SUMMARY

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### GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Capitalization Issue and the Global Offering are completed and 200,000,000 Shares are issued in the Global Offering; and (ii) the Over-allotment Option is not exercised.

|   | <b>Based on an Offer<br/>Price of HK\$3.80<br/>per Offer Share</b> | <b>Based on an Offer<br/>Price of HK\$4.70<br/>per Offer Share</b> |
|---|--|--|
| Market capitalization of our Shares . .   | HK\$3,040,000,000  | HK\$3,760,000,000  |
| Unaudited pro forma adjusted net<br>tangible asset value per Share <sup>(1)</sup> . . . | HK\$1.08   | HK\$1.31   |

*Note:*

- (1) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in “Appendix II—Unaudited Pro Forma Financial Information.”

### DIVIDENDS

Our Group has declared and paid dividends of nil, RMB8.5 million, and RMB315.7 million, respectively, to our Shareholders during the year of 2018, 2019 and 2020. As of December 31, 2020, the retained profits of our Group amounted to RMB58.3 million.

### USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$785.0 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK\$4.25 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for following purposes: (i) approximately 70.0% or HK\$549.5 million, will be used for strategic acquisitions and investments; (ii) approximately 15.0% or HK\$117.8 million, will be used to upgrade information system and equipment; (iii) approximately 5.0% or HK\$39.3 million, will be used for talent recruitment and team building; and (iv) approximately 10.0% or HK\$78.5 million, will be used for working capital and general corporate purposes. For details, see “Future Plans and Use of Proceeds.”

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## SUMMARY

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### RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

#### Recent Development of Our Business Operations

Our business continued to grow steadily. As of the Latest Practicable Date we had a total contracted GFA of 17.9 million sq.m. and our total GFA under management of 11.4 million sq.m., in comparison with our total contracted GFA of approximately 15.3 million sq.m. and our total GFA under management of approximately 10.2 million sq.m. as of December 31, 2020. The number of properties that we were contracted to manage grew from 91 as of December 31, 2020 to 108 as of the Latest Practicable Date, and the number of properties that we managed grew from 65 as of December 31, 2020 to 74 as of the Latest Practicable Date.

#### COVID-19 Pandemic

A respiratory illness caused by a novel coronavirus (COVID-19) was first detected at the end of 2019 and continued to spread across the PRC and globally in early 2020. In response to the COVID-19 pandemic, the PRC government has imposed measures across the PRC, which included, but not limited to, travel restrictions and quarantine for travelers or returnees, whether infected or not, and an extended shutdown of certain business operations.

In the short term, we reduced our commercial operating fees to certain customers by approximately RMB3.3 million, such as by granting (i) Wenzhou Liti City Shopping, a commercial property under our management, an exemption of property management service fees for one month; and (ii) tenants of Xi Wang Hui, a right-of-use asset that we held for subleasing purpose, an exemption of rent for one month. We incurred additional operating costs of approximately RMB1.0 million associated with our enhanced hygienic measures in 2020. However, we also benefited from RMB17.1 million of reduction in our required contribution to the social insurance fund as a government relief in response to the COVID-19 pandemic during the same year, and our business continued to grow during 2020. As a result, our gross profit increased from RMB159.5 million in 2019 to RMB247.4 million in 2020 despite the COVID-19 pandemic. In the long run, we do not expect the COVID-19 pandemic to have a significant adverse impact on our business operation or financial position. Despite the outbreak of the COVID-19 pandemic, we have not experienced and do not expect to experience any material difficulty in collecting property management fees, or any material delay in our provision of property management services and value-added services to non-property owners arising from delays in the development and delivery of properties developed by the Controlling Shareholders and Associates and Independent Third Parties, or a significant decrease in the demand for our commercial operational services and lifestyle services.

To the best of our Directors' knowledge, since the outbreak of COVID-19 and up to the Latest Practicable Date, there had been no cases of COVID-19 infection of the residents, tenants or our staff of properties we managed in the PRC and none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties. Neither had we encountered any material disruption to the services provided by our subcontractors and utilities service providers, or the supply of materials from our suppliers. In view of the nature of our

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## SUMMARY

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business, our Directors do not expect that we will encounter any material disruptions of our supply chain given that we do not rely on any particular service subcontractors or material suppliers and there are many other readily available subcontractors and suppliers in the market as back-up. In view of the foregoing, our Directors are confident that we can continue to provide our services and discharge our obligations under existing contracts. See “Business—Effects of the COVID-19 Outbreak—Effects of the COVID-19 Outbreak on Our Business Operations” in this prospectus for details.

In response to the COVID-19 outbreak, we have implemented a contingency plan and adopted enhanced hygiene and precautionary measures across our office premises and managed properties to minimize the disruptions that may cause to our operations. See “Business—Effects of the COVID-19 Outbreak—Our Contingency Plan and Response towards the COVID-19 Outbreak” in this prospectus for details. The additional costs associated with the enhanced measures primarily arise from the spending on masks, hand wash, disinfectants and infrared thermometers. After taking into account the medical and cleaning supplies distributed by local government and the relevant regulatory policies such as deduction of social insurance contributions, our Directors are of the view that such additional costs had no significant impact on our financial position for the years ended December 31, 2020 and 2021. In the unlikely event that we are forced to reduce or suspend part of our business operations, whether due to government policy or any other reasons beyond our control as a result of the COVID-19 pandemic, we estimate our existing financial resources (including cash and bank balances and amounts due from related parties to be repaid before Listing) as of December 31, 2020 could satisfy our necessary costs for approximately 12 months. Key assumptions of the above estimates primarily include: (i) no revenue would be generated due to suspension of business; (ii) overall operating and administrative expenses and estimated monthly fixed costs will be incurred to maintain our operations at a minimum level; (iii) the expansion plan is suspended under such condition; (iv) we would only use the immediate cash and deposits available, including our cash and cash equivalents as of December 31, 2020, and there will be no further internal or external financing from Shareholders or financial institutions; (v) no further dividend will be declared and paid under such situation; (vi) 10% of the net proceeds of RMB69.8 million from the Global Offering that will be used as our general working capital, based on the Offer Price of HK\$3.80 per Offer Share, being the low-end of the Offer Price range; (vii) the non-trade amount due from or to related parties as set out in the audited consolidated financial statements as of December 31, 2020 would be received or paid, respectively, by our Group before the Listing; (viii) our trade payables will be settled when due, while we will be able to collect trade receivables from our customers based on historical settlement pattern; and (ix) there are no material changes in the near future that would significantly affect the aforementioned key assumptions.

According to Savills and EH Consulting, while the outbreak of COVID-19 caused certain short-term economic disruption across China, it had been effectively controlled and has no significant adverse impact on China’s economy in the long run. The national GDP of China in 2020 amounted to RMB101.6 trillion, representing a 2.3% increase from 2019 while other countries’ economies contracted. Although China’s GDP shrank 6.8% in the first quarter of 2020, the government’s measures to contain the spread of COVID-19 allowed its economy to

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## SUMMARY

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grow 3.2%, 4.9% and 6.5% in the second, third and fourth quarter of 2020, respectively, beating market expectation. In addition, the GDP of the Southwestern China region amounted to RMB4.9 trillion in 2020, with the GDP of Chengdu in 2020 amounted to RMB1.8 trillion, representing a 4.0% increase from 2019. Based on Savills and EH Consulting's assumptions as discussed in "Industry Overview—Background and Research Methodology," the outlook for the demand of residential and commercial properties as well as the related property management services are expected to remain positive. We therefore believe that our expansion plan as discussed in "Business—Effects of the COVID-19 Outbreak—Effects of the COVID-19 Outbreak on Our Business Strategies" is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this prospectus as a result of the COVID-19 outbreak. However, we are still subject to certain risks caused by the COVID-19 pandemic. Since the actual impact from the outbreak of COVID-19 will depend on its subsequent development, there is a possibility that such impact to us may be out of our control and beyond our estimation and assessment. For details, see "Business—Effects of the COVID-19 Outbreak" and "Risk Factors—Risks Relating to Our Business and Industry—Our business operations may be affected by the COVID-19 pandemic."

### **No Material Adverse Change**

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, 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, 2020 (being the date to which our Company's latest combined audited financial results were prepared), and there has been no events since December 31, 2020 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

### **LISTING EXPENSES**

The total amount of listing expenses in connection with the Global Offering, including underwriting commission, is estimated to be RMB54.2 million (HK\$65.0 million) (based on the midpoint of the indicative Offer Price range of HK\$4.25 per Share and assuming no Over-allotment Option will be exercised), representing approximately 7.7% of the gross proceeds from the Global Offering, of which (i) RMB7.6 million (HK\$9.1 million) has been charged to our combined statements of profit or loss in 2020, (ii) approximately RMB13.5 million (HK\$16.2 million) is expected to be charged to our combined statements of profit or loss for the periods after December 31, 2020; and (iii) approximately RMB33.1 million (HK\$39.7 million) is expected to be accounted for as a deduction from equity upon the Listing. Our Directors do not expect that our listing expenses will have a material adverse impact on our financial performance for the year ending December 31, 2021.

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## SUMMARY

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### NON-COMPLIANCE

During the Track Record Period, some of our PRC subsidiaries did not make full contribution to the social insurance and housing provident funds for some of our employees as required by PRC laws and regulations. To mitigate such non-compliance and to prevent it from happening in the future, we have issued an internal notice, pursuant to which our human resource department shall strictly follow our employee benefit policies and relevant laws and regulations on social insurance and housing provident fund contributions. We have also enhanced internal policies pursuant to which our legal department and human resource departments will check the compliance status of social insurance and housing provident fund contributions, and we will timely rectify any non-compliance incidents. For more information, see “Business—Legal Proceedings and Compliance—Non-Compliance—Social Insurance and Housing Provident Fund Contributions.”

### RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorized into: (i) risks related to our business and industry; (ii) risks related to doing business in China; and (iii) risks related to the Global Offering. Some of the risks generally associated with our business and industry include the following:

- A substantial portion of our revenue under the property management segment is derived from property management services to properties developed by New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders;
- Our future growth may not materialize as planned;
- A significant portion of our operations of property management is concentrated in the Southwestern China region and the Eastern China region, and our business could be adversely affected in the event of any adverse development in government policies or business environment in these regions;
- We may face fluctuations in our labor and subcontracting costs, and the increase in labor and subcontracting costs could harm our business and reduce our profitability;
- We are subject to PRC government guidance prices which may negatively affect our pricing capability and profitability; and
- Our profitability may fluctuate as we managed more properties developed by third-party property developers.

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## SUMMARY

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These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific risks set forth in “Risk Factors” in this prospectus in deciding whether to invest in our Shares.



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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following words and expressions shall have the meanings set out below. Certain technical terms are explained in the section headed “Glossary” in this prospectus.*

|   |   |
|---|---|
| “Accountants’ Report”                   | the accountants’ report from the Reporting Accountants, the text of which is set out in Appendix I to this prospectus   |
| “Acting in Concert Deed”                | the acting in concert deed dated January 8, 2021 and executed by our Ultimate Controlling Shareholders, details of which are set out in “Relationship with Controlling Shareholders—Acting in Concert Deed”   |
| “Application Form(s)”                   | <b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application Form(s), or where the context so requires, any of such forms as used in the Hong Kong Public Offering  |
| “Articles of Association” or “Articles” | the amended and restated articles of association of our Company conditionally adopted on April 30, 2021 which will come into effect upon Listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus |
| “Audit Committee”                       | the audit committee of the Board  |
| “August Mist”                           | August Mist Limited, a company incorporated in the BVI with limited liability on February 14, 2020, which is wholly owned by Ms. Cui Donghong, our pre-IPO investor   |
| “associate(s)”                          | has the meaning ascribed to it under the Listing Rules  |
| “Board”                                 | the board of Directors  |
| “business day”                          | any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business   |
| “BVI”                                   | the British Virgin Islands  |
| “CAGR”                                  | compound annual growth rate   |

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## DEFINITIONS

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|   |   |
|---|---|
| “Capitalization Issue”                            | the issue of 599,990,000 Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company as referred to in “Statutory and General Information—A. Further Information about our Company—4. Written Resolutions of our Shareholders Passed on April 30, 2021” in Appendix V to this prospectus |
| “Cathaya Trust”                                   | the Cathaya Trust established by Ms. Liu Chang as the settlor with Vistra Trust (Singapore) Pte. Limited as the trustee   |
| “Cayman Islands Companies Law” or “Companies Law” | the Companies Act (as 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 Broker Participant”                        | a person admitted to participate in CCASS as a broker participant   |
| “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 Operational Procedures”                    | the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS as from time to time in force   |
| “CCASS Participant”                               | a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant   |

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## DEFINITIONS

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|---|--|
| “China” or “PRC”  | the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to “China” and the “PRC” do not apply to Taiwan, Macau and Hong Kong               |
| “Circular 37”   | the Notice of the SAFE on Issues Concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-Tripping Investment Made by Domestic Residents through Special-Purpose Companies (《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問題的通知》) |
| “close associate(s)”  | has the meaning ascribed to it under the Listing Rules   |
| “Companies Ordinance”   | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time   |
| “Companies (Winding Up and Miscellaneous Provisions) Ordinance” | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time  |
| “Company” or “our Company”                                      | New Hope Service Holdings Limited (新希望服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on November 5, 2020   |
| “connected person(s)”   | has the meaning ascribed to it under the Listing Rules   |
| “Controlling Shareholder(s)”                                    | has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Mr. Liu, Ms. Liu Chang, Golden Rose, New Prosperity, Adventure Way Pte. Ltd. and Medea Investments Limited  |
| “core connected person(s)”                                      | has the meaning ascribed to it under the Listing Rules   |
| “COVID-19”  | a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2, which is believed to have first emerged in late 2019  |

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## DEFINITIONS

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|                                     |   |
|-------------------------------------|---|
| “Deed of Indemnity”                 | the deed of indemnity dated May 6, 2021 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in the section headed “Statutory and General Information—D. Other Information—2. Tax and other Indemnities” in Appendix V to this prospectus |
| “Deed of Non-competition”           | the deed of non-competition dated May 6, 2021 and executed by our Ultimate Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in the section headed “Relationship with Controlling Shareholders—Deed of Non-competition” in this prospectus                 |
| “Director(s)” or “our Directors”    | the director(s) of our Company  |
| “EIT”                               | the PRC enterprise income tax   |
| “EIT Law”                           | the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time  |
| “Employee Benefit Trust”            | the employee benefit trust established by Mr. Zhang Minggui as the settlor, with TMF Trust (HK) Limited as the trustee  |
| “Extreme Conditions”                | any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong and/or that may affect the Price Determination Date or the Listing Date  |
| “GDP”                               | gross domestic product  |
| “Global Offering”                   | the Hong Kong Public Offering and the International Offering  |
| “Golden Rose”                       | Golden Rose Developments Limited, a company incorporated in the BVI with limited liability on July 28, 2020, which is wholly owned by New Prosperity and is one of our Controlling Shareholders   |
| “ <b>GREEN</b> Application Form(s)” | the application form(s) to be completed by the <b>White Form eIPO</b> Service Provider  |

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## DEFINITIONS

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|---|--|
| “Group”, “our Group”, “our”, “we” or “us” | our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)  |
| “HKICPA”                                  | Hong Kong Institute of Certified Public Accountants  |
| “HKSCC”                                   | Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited   |
| “HKSCC Nominees”                          | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC   |
| “Hong Kong” or “HK”                       | the Hong Kong Special Administrative Region of the PRC   |
| “Hong Kong dollars” or “HK\$”             | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong Offer Shares”                  | the 20,000,000 new Shares (subject to reallocation) being initially offered by the Company for subscription in the Hong Kong Public Offering, as described in “Structure and Conditions of the Global Offering”  |
| “Hong Kong Public Offering”               | the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%), on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described “Structure and Conditions of the Global Offering” |
| “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 “Underwriting—Hong Kong Underwriters”  |

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## DEFINITIONS

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|--|---|
| “Hong Kong Underwriting Agreement”     | the underwriting agreement relating to the Hong Kong Public Offering and entered into by our Company, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters, as further described in “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Hong Kong Underwriting Agreement”                      |
| “IAS”                                  | International Accounting Standards  |
| “IFRS”                                 | International Financial Reporting Standards   |
| “Independent Third Party(ies)”         | person(s) or company(ies) who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules   |
| “International Offer Shares”           | the 180,000,000 Shares being initially offered by our Company for subscription under the International Offering, subject to reallocation and the exercise of the Over-allotment Option, as described in “Structure and Conditions of the Global Offering”   |
| “International Offering”               | the offering of the International Offer Shares by the International Underwriters outside the United States in offshore transactions in reliance on Regulation S, as further described in “Structure and Conditions of the Global Offering”  |
| “International Underwriters”           | the underwriters of the International Offering  |
| “International Underwriting Agreement” | the underwriting agreement relating to the International Offering and expected to be entered into by our Company, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters on or about the Price Determination Date, as further described in “Underwriting—Underwriting Arrangements and Expenses—International Offering” |

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## DEFINITIONS

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|---|--|
| “Joint Bookrunners”                         | ABCI Capital Limited, Haitong International Securities Company Limited, CMB International Capital Limited, CLSA Limited, CMBC Securities Company Limited, Fortune (HK) Securities Limited and China Everbright Securities (HK) Limited   |
| “Joint Lead Managers”                       | ABCI Securities Company Limited, Haitong International Securities Company Limited, CMB International Capital Limited, CLSA Limited, CMBC Securities Company Limited, Fortune (HK) Securities Limited, China Everbright Securities (HK) Limited, Futu Securities International (Hong Kong) Limited and Livermore Holdings Limited |
| “Latest Practicable Date”                   | May 3, 2021, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication   |
| “Listing”                                   | the listing of the Shares on the Main Board  |
| “Listing Committee”                         | the listing committee of the Stock Exchange  |
| “Listing Date”                              | the date on which dealings in the Shares on the Main Board first commence  |
| “Listing Rules”                             | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time   |
| “M&A Rules”                                 | the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)  |
| “Main Board”                                | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange  |
| “Memorandum of Association” or “Memorandum” | the amended and restated memorandum of association of our Company, adopted on April 30, 2021 and as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus   |

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## DEFINITIONS

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| “MOF”                                  | the Ministry of Finance of the PRC (中華人民共和國財政部)  |
| “MOFCOM”                               | the Ministry of Commerce of the PRC (中華人民共和國商務部)   |
| “MOHURD” or “Ministry of Construction” | the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)  |
| “Mr. Liu”                              | Mr. Liu Yonghao (劉永好), one of our Controlling Shareholders and the father of Ms. Liu Chang   |
| “Ms. Liu Chang”                        | Ms. Liu Chang (劉暢), one of our Controlling Shareholders and the daughter of Mr. Liu  |
| “Nanfang Hope”                         | Nanfang Hope Industrial Co., Ltd.* (南方希望實業有限公司), a company established in the PRC with limited liability on November 17, 2011 and controlled by Mr. Liu  |
| “New Hope Commercial”                  | Sichuan New Hope Commercial Management Co., Ltd.* (四川新希望商業管理有限公司), a company established in the PRC with limited liability on March 1, 2017, and an indirect wholly-owned subsidiary of our Company  |
| “New Hope Dairy”                       | New Hope Dairy Co., Ltd.* (新希望乳業股份有限公司), a joint stock company established in the PRC with limited liability on July 5, 2006 whose shares are listed on the Shenzhen Stock Exchange (stock code: 02946.SZ) and controlled by Ms. Liu Chang |
| “New Hope Group”                       | New Hope Group Company, New Hope Property, New Hope Dairy and their respective subsidiaries and associates, unless specifically defined otherwise  |
| “New Hope Group Company”               | New Hope Group Co., Ltd.* (新希望集團有限公司), a company established in the PRC with limited liability on January 9, 1997 and controlled by Mr. Liu  |
| “New Hope Property”                    | Sichuan New Hope Real Estate Development Co., Ltd.* (四川新希望房地產開發有限公司), a company established in the PRC with limited liability on May 7, 1997 and controlled by Mr. Liu   |



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## DEFINITIONS

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| “New Hope Property Group” | New Hope Property and its subsidiaries, unless specifically defined otherwise   |
| “New Hope Service”        | New Hope Property Management Service Group Co., Ltd.* (新希望物業服務集團有限公司) (formerly known as Sichuan Dingsheng Property Service Group Co., Ltd.* (四川鼎晟物業服務集團有限公司) and, prior to that, Sichuan Dingsheng Assets Management Co., Ltd.* (四川鼎晟資產管理有限責任公司), a company established in the PRC with limited liability on January 26, 2010 and an indirect wholly-owned subsidiary of our Company |
| “New Prosperity”          | New Prosperity Development Limited (新晟發展有限公司), a company incorporated in the BVI with limited liability on October 11, 2019, is one of our Controlling Shareholders   |
| “New Voyage”              | New Voyage Development Limited (新遠發展有限公司), a company incorporated in the BVI with limited liability on August 25, 2020, which is wholly-owned by New Range Development Limited, a special purpose holding vehicle wholly owned by TMF Trust (HK) Limited  |
| “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)   |
| “Nomination Committee”    | the nomination committee of the Board   |
| “NPC”                     | the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)   |
| “Offer Price”             | the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) at which the Offer Shares are to be subscribed pursuant to the Global Offering  |
| “Offer Share(s)”          | the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares to be issued pursuant to the exercise of the Over-allotment Option   |

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## DEFINITIONS

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| “Over-allotment Option”     | the option expected to be granted by the Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which the Company may be required to issue and allot up to an aggregate of 30,000,000 additional new Shares, representing 15% of the Offer Shares initially being offered under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, as described in “Structure and Conditions of the Global Offering” |
| “PBOC”                      | the People’s Bank of China (中國人民銀行), the central bank of the PRC  |
| “PRC Company Law”           | the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time   |
| “PRC GAAP”                  | generally accepted accounting principles in the PRC   |
| “PRC Government”            | the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them   |
| “PRC Legal Advisor”         | Commerce & Finance Law Offices, legal advisor to the Company on PRC laws in connection with the Global Offering   |
| “Price Determination Date”  | the date, expected to be on or around Friday, May 14, 2021 but in any event not later than Tuesday, May 18, 2021, on which the Offer Price will be determined for the purposes of the Global Offering   |
| “Principal Share Registrar” | Appleby Global Services (Cayman) Limited  |
| “Province” or “province”    | each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the PRC Government   |
| “Regulation S”              | Regulation S under the U.S. Securities Act  |

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## DEFINITIONS

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| “Remuneration Committee”                     | the remuneration committee of the Board   |
| “Renminbi” or “RMB”                          | the lawful currency of the PRC  |
| “Reorganization”                             | the reorganization of the Group in preparation of the Listing, details 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)  |
| “SAIC”                                       | the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), which was consolidated into the SAMR in March 2018, including, as the context may require, its local counterparts   |
| “SAMR”                                       | the State Administration of Market Regulation   |
| “SAT”  | the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)   |
| “Savills and EH Consulting”                  | Savills Corporate Appraisal & Advisory Limited, Ningbo EH Business Consulting Co., Ltd.* (寧波億翰商務諮詢有限公司), our industry consultants   |
| “Savills and EH Consulting Report”           | an independent market research report prepared by Savills and EH Consulting   |
| “SCNPC”                                      | the Standing Committee of the NPC   |
| “Securities and Futures Commission” or “SFC” | the Securities and Futures Commission of Hong Kong  |
| “SFO”  | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time  |
| “Share Option Scheme”                        | the share option scheme conditionally approved and adopted by our Company on April 30, 2021, the principal terms of which are summarized in “Statutory and General Information—D. Other Information—1. Share Option Scheme” in Appendix V |

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## DEFINITIONS

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| “Share(s)”                   | ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company, which are to be traded in Hong Kong dollars and listed on the Main Board     |
| “Shareholder(s)”             | holder(s) of the Share(s)   |
| “Sole Global Coordinator”    | ABCI Capital Limited  |
| “Sole Sponsor”               | ABCI Capital Limited  |
| “State Council”              | the State Council of the PRC (中華人民共和國國務院)   |
| “Step Viral”                 | Step Viral Limited, a company incorporated in the BVI with limited liability on February 14, 2020 and a wholly-owned subsidiary of our Company                      |
| “Stock Borrowing Agreement”  | the stock borrowing agreement expected to be entered into between Golden Rose and the Stabilizing Manager on or about the same date as the Price Determination Date |
| “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 Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time                                     |
| “Tidal Investment”           | Tidal Investment Pte. Ltd., a company incorporated in Singapore with limited liability on May 20, 2020 and an indirect wholly-owned subsidiary of our Company       |
| “Track Record Period”        | the period comprising the years ended December 31, 2018, 2019 and 2020  |
| “U.S. Government”            | the federal government of the United States, including its executive, legislative and judicial branches   |
| “U.S. Securities Act”        | the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder  |

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## DEFINITIONS

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| “Ultimate Controlling Shareholders”        | Mr. Liu and Ms. Liu Chang   |
| “Underwriters”                             | the Hong Kong Underwriters and the International Underwriters   |
| “Underwriting Agreements”                  | the Hong Kong Underwriting Agreement and the International Underwriting Agreement   |
| “United States”, or “U.S.”                 | the United States of America, its territories, its possessions and all areas subject to its jurisdiction  |
| “US\$”                                     | U.S. dollars, the lawful currency of the United States  |
| “ <b>WHITE</b> Application Form(s)”        | the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s own name(s)   |
| “ <b>White Form eIPO</b> ”                 | 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 the <b>White Form eIPO</b> Service Provider at <a href="http://www.eipo.com.hk">www.eipo.com.hk</a> |
| “ <b>White Form eIPO</b> Service Provider” | Computershare Hong Kong Investor Services Limited   |
| “ <b>YELLOW</b> Application Form(s)”       | the application form(s) for the Hong Kong Offer Share for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS  |

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

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

\* *For identification purposes only*

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## GLOSSARY

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

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|---|--|
| “average property management fee(s)”    | weighted average property management fee charged calculated on the basis of GFA of each property which we are engaged to provide property management service |
| “Chengdu-Chongqing urban agglomeration” | the city cluster centered on Chengdu and Chongqing, covering total area of approximately 185,000 square kilometers   |
| “commercial property(ies)”              | for purposes of this prospectus, property(ies) designated for commercial use   |
| “common area(s)”                        | common areas in residential properties such as lobbies, hallways, stairways, car parks, elevators and gardens, among others                                  |
| “commission basis”                      | a revenue-generating model whereby we collect a percentage of the total amount of property management fees that our customers pay on a monthly basis         |
| “contracted GFA”                        | GFA managed or to be managed by our Group under our operating property management service contracts, including both GFA under management and undelivered GFA |

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## GLOSSARY

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|------------------------|--|
| “first-tier cities”    | cities specified by the CBNDData (第一財經商業數據中心) as such, being Beijing, Shanghai, Guangzhou and Shenzhen in 2020. According to Savills and EH Consulting, the definition of first-tier cities generally accepted in the industry. The cities in each tier were scored and ranked by CBNDData (第一財經商業數據中心) on five dimensions, namely (i) concentration of business resources, (ii) traffic, (iii) residents’ participation in activities, (iv) variety of lifestyles, and (v) future potential, and were then categorized into different tiers. Pursuant to the 2020 Ranking of Cities by Business Appeal (《2020城市商業魅力排行榜》) published by CBNDData, among 337 cities, excluding Hong Kong, Macau and Taiwan, four were categorized as first-tier cities, 15 as new first-tier cities, 30 as second-tier cities, 70 as third-tier cities, 90 as fourth-tier cities, and 128 as fifth-tier cities |
| “GFA”                  | gross floor area   |
| “GFA under management” | GFA of properties that have been delivered, or are ready to be delivered by property developers, to property owners, for which we are already collecting property management fees in relation to contractual obligations to provide our services   |
| “IoT”                  | a network of physical devices, vehicles, buildings and other items embedded with electronics, software, sensors and network connectivity that enable these items to collect and exchange data  |
| “lump sum basis”       | a revenue generating model for our property management business segment whereby we charge a predetermined property management price per GFA 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 periodic basis  |

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## GLOSSARY

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|---|---|
| “new first-tier cities”                                     | cities specified by the CBNDData (第一財經商業數據中心) as such, being Chengdu, Chongqing, Hangzhou, Wuhan, Xi’an, Tianjin, Suzhou, Nanjing, Zhengzhou, Changsha, Dongguan, Shenyang, Qingdao, Hefei and Foshan in 2020. According to Savills and EH Consulting, the definition of new first-tier cities is generally accepted in the industry  |
| “renewal rate”  | the number of renewed property management service contracts in the period divided by the number of property management service contracts which expired in the same period   |
| “residential communities” or<br>“residential property(ies)” | 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  |
| “retention rate”  | $\text{retention rate} = \frac{(A + B + C)}{(A + B + C + D)}$ <p>A = the number of newly engaged contracts during the relevant period</p> <p>B = the number of contracts renewed upon expiry during the relevant period</p> <p>C = the number of contracts that have not expired and remained effective during the relevant period</p> <p>D = the number of contracts under which we ceased to provide property management services during the relevant period due to non-renewal of the expired contracts or early termination prior to the expiry of such contracts</p> |
| “revenue per employee”                                      | revenue for the period divided by the number of employees as of the end of that period  |
| “revenue per sq.m.”   | revenue for the period divided by the GFA under management as of the end of that period   |



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## GLOSSARY

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| “second-tier cities” | cities specified by the CBNDData (第一財經商業數據中心) as such, Ningbo, Kunming, Fuzhou, Wuxi, Xiamen, Jinan, Dalian, Harbin, Wenzhou, Shijiazhuang, Quanzhou, Nanning, Changchun, Nanchang, Guiyang, Jinhua, Changzhou, Huizhou, Jiaxing, Nantong, Xuzhou, Taiyuan, Zhuhai, Zhongshan, Baoding, Lanzhou, Taizhou, Shaoxing, Yantai and Langfang. According to Savills and EH Consulting, the definition of second-tier cities is generally accepted in the industry |
| “sq.m.”              | the measurement unit of square meters   |
| “undelivered GFA”    | the total GFA of properties that are not ready to be delivered to property owners by property developers, for which we have not begun collecting property management fees in relation to contractual obligations to provide property management services  |

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains certain forward-looking statements and information relating to the Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “can”, “continue”, “could”, “forecast”, “expect”, “going forward”, “intend”, “ought to”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- our ability to identify and integrate suitable acquisition targets;
- general economic, political and business conditions in the markets in which we operate;
- the effects of the global financial markets and economic crisis;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- our ability to control or 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;

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## FORWARD-LOOKING STATEMENTS

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- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices in the industry and markets in which we operate;
- certain statements in sections headed “Business” and “Financial Information” in this prospectus with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this prospectus that are not historical facts.

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

We do not guarantee that the transactions and events described in the forward-looking statements in this prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in the section entitled “Risk Factors” in this prospectus. You should read this prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks or uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

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. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

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## RISK FACTORS

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*Potential investors should carefully consider each of the risks described below and all of the other information contained in this prospectus, including the Accountants' Report included in Appendix I, before deciding to invest in the Offer Shares. Our business, financial condition, results of operations or prospects may be materially and adversely affected by any of these risks. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and that our principal operations are conducted in the PRC and are governed by in a legal and regulatory environment that in some respects differ significantly from that of other countries. The trading price of the Offer Shares could decline due to any of these risks, as well as additional risks and uncertainties not presently known to us, and you may lose all or part of your investment.*

### **RISKS RELATING TO OUR BUSINESS AND INDUSTRY**

**A substantial portion of our revenue under the property management segment is derived from property management services to properties developed by New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholder.**

During the Track Record Period, a substantial portion of our revenue under the property management service segment was derived from properties developed by New Hope Property Group. As of December 31, 2018, 2019 and 2020, 33, 45 and 60 properties under our management, respectively, were developed by New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders representing 100.0%, 100.0% and 92.3% of our total number of properties under management as of the same dates, respectively. Our aggregate GFA under management for properties developed by New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders amounted to 5.0 million sq.m., 6.5 million sq.m. and 9.1 million sq.m. as of December 31, 2018, 2019 and 2020. In 2018, 2019 and 2020, our revenue generated from property management services provided to properties developed by New Hope Property Group, joint ventures or associates of New Hope Property Group and associates of our Ultimate Controlling Shareholders amounted to RMB116.4 million, RMB140.7 million, and RMB185.2 million, respectively, accounting for approximately 100.0%, 100.0% and 97.6%, respectively, of our total revenue from property management service segment and approximately 45.1%, 37.0% and 31.5%, respectively, of our total revenue for the same periods. However, we do not have control over the management strategy of New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders, nor do we control the macroeconomic or other factors that affect their business operations and financial positions. Any adverse development in the business or financial positions of New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders, or their ability to develop and maintain properties may materially and adversely affect our ability to procure new property management services from them. We

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## RISK FACTORS

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may also fail to diversify our customer base. As a result, we cannot assure you that we will be able to procure service agreements from alternative sources to make up the shortfall in a timely manner or on favorable terms, or at all, which could materially and adversely affect our business, financial condition and results of operations.

### **Our future growth may not materialize as planned.**

We have been seeking to expand our business since our inception through organic growth. As of December 31, 2018, 2019 and 2020, the projects we were contracted to manage had an aggregate GFA of 9.7 million sq.m., 11.9 million sq.m. and 15.3 million sq.m., respectively. As of the same dates, our GFA under management amounted to 5.0 million sq.m., 6.5 million sq.m. and 10.2 million sq.m., respectively. We seek to continue to expand through increasing the total contracted GFA and the number of properties we manage in existing and new markets, including properties developed by New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders and independent third-party property developers. For further details, see “Business—Our Strategies—Continue to expand in the metropolitan areas and urban agglomerations in China to increase our business scale” in this prospectus. However, we base our expansion plans on our assessment of market prospects, thus we cannot assure you that our assessment will prove to be correct or that our business will grow as planned. Our expansion plans may be affected by a number of factors, many of which are beyond our control. Such factors include but are not limited to:

- changes in PRC’s economic and social conditions in general and the real estate market and property management industry in particular;
- changes in disposable personal income in the PRC;
- changes in government policies and regulations;
- changes in the supply of and demand for property management services, value-added services to non-property owners, commercial operational services and lifestyle services;
- our ability to generate sufficient liquidity internally and obtain external financing;
- our ability to recruit and train competent employees;
- our ability to diversify our service offering and to optimize our business mix, and our ability to recruit and train competent employees for such service offerings and business mix;

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## RISK FACTORS

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- our ability to select and work with suitable and reliable subcontractors and suppliers;
- our ability to understand the needs of property owners, residents and tenants in the properties where we provide property management services and commercial operational services;
- our ability to adapt to new markets where we have no prior experience and in particular, whether we can adapt to the administrative, regulatory, cultural and tax environments in such markets;
- our ability to manage any issues arising from unexpected natural disasters, epidemics, acts of terrorism or war;
- our ability to solidify our market position in existing markets and our ability to leverage our brand name and to compete successfully in new markets, particularly against the incumbent players in such markets who might have more resources and experience than us; and
- our ability to improve our administrative, technical, operational and financial infrastructure.

Because we are subject to uncertainties and risks which are mostly beyond our control, we cannot assure you that our future growth will materialize or that we will be able to manage our future growth effectively. Our business, financial condition, results of operations and growth prospects could be materially and adversely affected if our future plans fail to achieve positive results.

**A significant portion of our operations of property management is concentrated in the Southwestern China region and the Eastern China region, and our business could be adversely affected in the event of any adverse development in government policies or business environment in these regions.**

We focus on cities with high population densities in economically developed regions, and the majority of our operations are concentrated in the Southwestern China region and the Eastern China region. As of December 31, 2018, 2019 and 2020, we managed an aggregate GFA of approximately 3.4 million sq.m., 3.4 million sq.m. and 5.2 million sq.m., respectively, of properties in the Southwestern China region, accounting for approximately 67.3%, 52.1% and 50.7%, respectively, of our total GFA under management as of the same dates. In 2018, 2019 and 2020, our revenue generated from the property management services in the Southwestern China region amounted to RMB77.6 million, RMB85.9 million and RMB99.4 million, respectively, accounting for approximately 66.7%, 61.0% and 52.4%, respectively, of our total revenue generated from property management service segment for the same periods. As of December 31, 2018, 2019 and 2020, we managed an aggregate GFA of approximately 0.6 million sq.m., 1.6 million sq.m. and 3.0 million sq.m., respectively, of properties in the

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## RISK FACTORS

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Eastern China region, accounting for approximately 12.5%, 24.4% and 28.9%, respectively, of our total GFA under management as of the same dates. In 2018, 2019 and 2020, our revenue generated from the property management services in the Eastern China region amounted to RMB17.6 million, RMB33.0 million and RMB55.3 million, respectively, accounting for approximately 15.2%, 23.5% and 29.2%, respectively, of our total revenue generated from property management service segment for the same periods. Given such concentration, any material adverse change or development in macroeconomic conditions, the real estate industry, government regulations over property management, the competition environment, or the future prospects in or any natural disaster or epidemic affecting the Southwestern China region and the Eastern China region.

**We may face fluctuations in our labor and subcontracting costs, and the increase in labor and subcontracting costs could harm our business and reduce our profitability.**

The property management industry in the PRC is labor intensive. In 2018, 2019 and 2020, our labor costs, recorded as staff costs, accounted for 54.7%, 60.7% and 51.2%, respectively, of our total cost of sales. We delegate certain services such as cleaning services and repairs and maintenance services to third-party subcontractors. During the same periods, our subcontracting costs, recorded as outsourced labor costs, represented 30.0%, 25.1% and 25.4%, respectively, of our total cost of sales. Since our labor and subcontracting costs together accounted for a significant portion of our cost of sales, we believe that controlling and reducing our labor and subcontracting costs is crucial for us to maintain and improve our profit margins as well as other operating costs.

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

- *increases in minimum wages.* The minimum wage in the regions where we operate has generally increased in recent years, which has a direct impact on our labor costs as well as the fees we pay to our third-party subcontractors.
- *increases in headcount.* As we expand our operations, the headcount of our property management staff, sales and marketing staff and administrative staff may increase. We may also need to retain and continuously recruit qualified employees to meet our growing demand for talent, which might further increase our total headcount. Any increases in headcount would also increase our costs in relation to, among other things, recruiting, salaries, employee benefits, training, social insurance and housing provident fund contributions.
- *delay in implementing service professionalization and procedure standardization.* There is a lapse in time between our commencement of property management services for a particular property and any implementation of service professionalization and procedure standardization measures to that property to reduce labor costs. Before we carry out such measures, our ability to mitigate the impact of labor costs increase is limited.

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We cannot assure you that we will be able to control our costs or improve our efficiency. Any failure in effectively controlling our costs may have a material and adverse impact on our business, financial position and results of operations.

**We are subject to PRC government guidance prices which may negatively affect our pricing capability and profitability.**

As of December 31, 2020, 25 of the projects under our management were subject to government guidance price with an aggregate GFA under management of 4.6 million sq.m. Property management services we provided to these projects generated a total revenue of RMB145.6 million in 2020, accounting for 76.8% of our revenue from property management services during the same period. Among these projects, we had one property project that incurred losses in 2018. For details, see “Business—Property Management Services—Our Pricing Policy.”

The fees that property management companies may charge in connection with property management services are subject to regulation and supervision by relevant regulatory authorities in the PRC. For example, the relevant price administration department and construction administration department of the State Council are jointly responsible for the supervision over and administration of fees charged in relation to property management services for preliminary property management service contracts and such fees may need to follow PRC government guidance prices. Although government-imposed price controls on property management fees may continue to relax over time pursuant to the Circular of the National Development and Reform Commission on Relaxing Price Controls in Certain Services (國家發展改革委關於放開部分服務價格意見的通知)(發改價格[2014]2755號), which became effective on December 17, 2014, the property management fees we charge, such as those for preliminary property management service contracts, may still need to follow guidance prices imposed by local governments in different regions in China.

Although the price controls have not had any material adverse impact on our business as confirmed by our Directors, financial position or results of operations during the Track Record Period, we cannot guarantee that the government-imposed limits on fees would not negatively affect our profitability and future growth. We may experience diminished profit margins should our labor and other operating costs increase but we are unable to raise property management fees accordingly. See “—We are subject to the regulatory environment and measures affecting the PRC property management and real estate industries” for further details.

In addition, if the property management fees we charge are not ratified by the relevant PRC authorities or otherwise not in compliance with the relevant requirements for government guidance prices, we may be subject to applicable administrative penalties and our property management fees in excess of the guidance price may be confiscated by the relevant PRC authorities. As we expand our business operations into new geographic regions and broaden the range of services we perform, we are subject to an increasing number of provincial and local rules and regulations for various aspects of our business operations. As the size and scope of our operations had increased during the Track Record Period, the difficulty of ensuring



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compliance with the various local property management regulations and the potential for loss resulting from non-compliance have increased. If we fail to comply with the related local regulations, we may be subject to penalties by the competent PRC authorities. The laws and regulations applicable to our business, whether national, provincial or local, may also change in ways that materially increase our costs of compliance, and any failure to comply could result in significant financial penalties which could have a material adverse effect on our reputation, business, financial position and results of operations.

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

As we started to management property projects developed by independent third-party property developers in 2020, our gross profit margin from property management for properties developed by New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders were generally higher than that for the properties developed by independent third-party property developers, primarily as the average property management fee rate of the properties developed by New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders was generally higher than that of the properties developed by independent third-party property developers. Since the start of 2020 and up to the Latest Practicable Date, as a continuous effort to further diversify our revenue source and reduce reliance on New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders, we had entered into contracts to manage 12 property projects developed by independent third-party property developers, all of which had been delivered for our management with an aggregate GFA under management of 1.5 million sq.m., representing 13.2% of our total GFA under management as of the same date.

We have adopted and will continue to adopt measures to reduce reliance on the properties developed by New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders by seeking more property management service for properties developed by independent third-party property developers by ways of acquisitions and investment or bidding. We, however, cannot guarantee that our gross profit margin for providing property management to properties developed by independent third-party property developers will be comparable to or more favorable than that for properties developed by New Hope Property Group, joint ventures or associates of New Hope Property Group or associates of our Ultimate Controlling Shareholders. If we were successful in securing more property management service engagements from independent third-party property developers, there is no assurance that such new engagements will have a positive impact on our overall gross profit margin and profitability.

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## RISK FACTORS

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**Our strategic plan to diversify our services may not succeed as planned, and therefore our overall growth strategy may not work as expected.**

We have diversified our services by providing various value-added services to meet the evolving needs of our customers. We provide value-added services to non-property owners such as sales office management services, preliminary planning and design consultancy, pre-delivery, repair and maintenance services and construction site management services and we also provide other value-added services, namely lifestyle services such as community living services, community asset management services, online and offline retail services and catering services, marketing event organization services and community space operational services. In 2018, 2019 and 2020, revenue from our value-added services to non-property owners amounted to RMB50.9 million, RMB128.4 million and RMB168.3 million, respectively, representing 19.7%, 33.7% and 28.6%, respectively, of our total revenue of the same periods. In 2018, 2019 and 2020, revenue from our lifestyle services amounted to RMB28.3 million, RMB38.9 million and RMB117.2 million, respectively, representing 11.0%, 10.2% and 19.9%, respectively, of our total revenue of the same periods. See “Business—Our Business Model.” However, our value-added services are still expanding and evolving depending on the circumstances of the project and our accumulated experiences in the relevant local market. For example, we only started to monetize our online and offline retail services and catering services during the last quarter of 2019. With a relatively limited operating history and experience in certain regions, we may face unknown risks, rising expenses and fierce competition in the market. We cannot assure you that we will be able to grow our business as planned. The potential growth of our value-added services depends on our ability to continue to attract new users as well as to increase the spending and repeat purchase rate of existing users. We may fail to cater for various consumer preferences, or anticipate service trends that will appeal to existing potential customers. We may also be unfamiliar with the new business operations in new markets, and fail to effectively promote our new services to new markets. New services, or entrance into new markets, may also require substantial time, resources and capital. We also may not have the same level of familiarity with the practices for provision of new services or relationships with our strategic partners, third-party subcontractors and other suppliers as we do in the property management industry. We may not be able to recruit sufficient qualified personnel to support the growth of our value-added services.

Furthermore, we cannot assure you that our investment in value-added business can be recovered in a timely manner, or at all, or our results of return would be more competitive than that of other comparable companies. Our development of and investment in our Modern Leisure Lifestyle (漫生活) mobile application and other information technology platforms may be subject to PRC laws and regulations governing license approval and renewal. See “Regulatory Overview—Regulations on Internet Information Services—Mobile internet application information services” in this prospectus for further details. We cannot assure you that we can obtain or renew our license on time, if at all. We cannot guarantee that our future strategic development plan, which is based upon our forward-looking assessment of market prospect and customer preference, will always turn out to be successful. A number of factors beyond our control may also affect our plan for the diversified services, which include changes

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in the PRC's economic conditions in general, government policies and regulations on relevant industries and changes in supply and demand for our services. Any of the foregoing could adversely affect our reputation, business, cash flows, financial position and results of operations.

**We face intense competition in the property management industry and if we fail to compete successfully against existing and new competitors, our business, financial position, results of operations and prospects may be materially and adversely affected.**

According to Savills and EH Consulting, the property management industry in China is large but highly competitive. See “Industry Overview—The Property Management Industry in China—Development trends of China’s property management industry—Competitive landscape of property management industry in China.” Our major competitors include national and regional comprehensive property management companies that may have stronger capital resources, longer operating histories, better track records, greater brand or better name recognition, greater expertise and experience in regional and local markets as well as richer financial, technical, marketing and public relation resources than we do. We believe that we compete with our competitors on a number of factors, primarily business scale, brand recognition, financial resources, price and service quality. Such competitors may be able to devote more resources to the development, promotion, sale, and support of their services, and therefore they may be better positioned than we are to compete for customers, financing, skilled management and labor resources. In addition to competition from established companies, emerging companies may enter our existing or new markets. Property developers may also develop their own in-house property management business or engage their affiliated service providers, which could reduce the availability of business opportunities. If we fail to improve and evolve ourselves among the competitors, we may not 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 distinguish ourselves and fail to compete successfully against existing and new competitors, our business, financial position, results of operations and prospects may be materially and adversely affected.

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

An outbreak of respiratory illness caused by a novel coronavirus, namely COVID-19, was identified in late 2019 and spread globally. In March 2020, the World Health Organization characterized the outbreak of COVID-19 a pandemic. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lock-downs, travel restrictions, quarantines and business shutdowns. The COVID-19 outbreak is expected to have an unprecedented impact on the global economy as it has significantly reduced market liquidity and depressed economic activities.

The COVID-19 pandemic has caused and may continue to cause a long-term adverse impact on the economy and social conditions in China and other affected countries, which may have an indirect impact on the PRC property development and management industries, and adversely affect our business operations. For example, to comply with the requirements of local governments with respect to community management during the outbreak of the COVID-19 pandemic, we assigned additional personnel and incurred additional costs to conduct visitor control for properties under our management. While we do not expect COVID-19 to have a significant adverse impact on our business operation or financial position in the long run, we are uncertain as to when the COVID-19 pandemic will be completely contained in China and globally, and we also cannot guarantee whether COVID-19 pandemic will have a long-term impact on our business operations. If we are not able to effectively and efficiently operate our business and implement our strategies as planned, we may not be able to grow our business and generate revenue as anticipated, and our business operations, financial condition and prospects may be materially and adversely affected. See “Business—Effects of the COVID-19 Outbreak.”

### **If we are unable to perform our contracts with customers, our results of operations and financial condition may be adversely affected.**

We may collect deposits pursuant to our service agreements before we start rendering our property management, commercial operational, value-added, and lifestyle services. This gives rise to contract liabilities at the start of each service agreement that we enter into. As of December 31, 2018, 2019 and 2020, our contract liabilities amounted to RMB66.8 million, RMB88.6 million and RMB161.7 million, respectively. See “Financial Information—Description of Certain Combined Statement of Financial Position Items—Liabilities—Contract Liabilities.” If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the payments we have received, which may adversely affect our cash flow and liquidity condition and our ability to meet our working capital requirements and in turn, our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may also adversely affect our relationship with such customers, which may in turn affect our reputation and results of operations in the future.

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## RISK FACTORS

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**We are exposed to risks associated with third-party subcontractors to perform certain services to our customers.**

We delegate certain property management services under the property management service segment, such as cleaning services, repair and maintenance services and tenant sourcing services, to third-party subcontractors. In 2018, 2019 and 2020, our subcontracting costs amounted to RMB44.4 million, RMB55.5 million and RMB86.5 million, respectively, representing approximately 30.0%, 25.1% and 25.4%, respectively, of our total cost of sales for the same periods. We select our third-party subcontractors based on factors such as service quality, industry reputation, qualification, price, past performance and cooperativeness. We also impose internal quality control measures on our subcontractors such as regular inspections, independent third-party assessment and customer feedback assessment. See “Business—Suppliers—Selection and Management of Our Subcontractors.” However, we cannot assure you that they will always perform in accordance with our expectations. They may act in ways contrary to our or our customers’ instructions, their contractual obligations and our quality standards and operational procedures. We may also fail to monitor their performance as directly and effectively as with our own employees. As a result, we are subject to risks associated with being responsible for any sub-standard performance by our third-party subcontractors, including but not limited to litigation, reputational damage, disruptions to our business, termination or non-renewal of our service agreements and monetary claims from our customers. We may also incur extra costs in order to monitor or replace third-party subcontractors which do not perform in accordance with our expectations, or mitigate or compensate damages incurred by such third-party subcontractors.

In addition, we may be unable to renew our existing subcontracting contracts upon expiration, or fail to seek suitable replacement in a timely manner, or on favorable terms, or at all. We also do not have control over our subcontractors to maintain qualified, experienced and sizable teams, or renew their qualifications. In any event that our third-party subcontractors fail to perform their contractual obligations properly and in a timely manner, our work process could be interrupted which could potentially result in a breach of contract between our customers and us. Any of such events could materially and adversely affect our service quality, reputation and performance, as well as our business, financial condition and results of operations.

**Some of our lifestyle services were recently launched with limited history.**

Some of our lifestyle services were recently launched, such as our online and offline retail services and catering services. We did not start the operation of and record revenue for our online and offline retail services and catering services until the last quarter of 2019. We have limited experience in operating such relatively new businesses in a competitive market. We have encountered and expect to continue to encounter risks and difficulties frequently experienced in relation to new business offerings, and those risks and difficulties may be heightened in a rapidly evolving market. Some of the risks may relate to our ability to:

- retain customers and qualified employees;

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- maintain stable cooperation with strategic partners to offer certain businesses, such as our online and offline retail services and catering services;
- 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 offer newly introduced lifestyle services, as well as other new service offerings we plan to launch, which in turn could cause an adverse effect on our business and prospects, and financial position, results of operations and cash flows.

**Certain anchor stores or other major tenants have significant impact on our ability to attract shoppers to retail commercial properties that we operate.**

Retail commercial properties that we operate may be anchored by supermarkets, cinemas and other large international or nationally recognized tenants. The operations of these retail commercial properties could be materially and adversely affected if these anchors or other major tenants fail to comply with their contractual obligations or otherwise fail to perform as anticipated.

Certain anchor stores and other large retailers may experience decreases in consumer traffic in their retail stores due to uncertainty and less-than-desirable levels of consumer confidence, increased competition from alternative retail options such as those accessible via the Internet and other forms of pressure on their business models. As pressure on these anchor stores and large retailers increases, their ability to maintain their stores and meet their obligations both to property owners and us and to their external lenders may be impaired and result in closures of their stores or them seeking lease modification with the property owners. Any lease modification or termination could be unfavorable to us as our various service fees from commercial operational services may decrease as a result of such modification or termination.

If any of the anchor or major tenant was to close its stores at the retail commercial properties that we operate, we may have difficulty and experience delay in sourcing new tenants, as well as in leasing spaces in areas adjacent to such vacant anchor store or large retailer, at attractive rates, or at all. Additionally, anchor store or large retailer closures may result in decreased consumer traffic, which could lead to decreased sales at other stores. If the business of stores operating in the retail commercial properties under our management were to

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decline significantly due to the closing of anchor stores or other large retailers, adverse economic conditions, or other reasons, tenants may be unable to pay their retail commercial property management fees or other expenses or may choose to terminate or non-renew their leases. In the event of any default by a tenant, we may not be able to fully recover, and/or may experience delays and costs in enforcing our rights as a service provider to recover amounts due to us under the terms of our agreements with such parties.

**We may not be able to accurately position the commercial properties that we operate.**

In 2018, 2019 and 2020, the revenue generated from our commercial operational services amounted to RMB62.4 million, RMB72.6 million and RMB113.0 million, respectively, representing approximately 24.2%, 19.1% and 19.2%, respectively, of our total revenue during the same periods. However, we may not be able to sustain the current growth of or further expand our commercial operational services.

In the event that we are not able to accurately position a commercial property project and assess the potential competitive status, we may suffer loss to that particular commercial property project. During the Track Record Period, we incurred losses in connection with the operation of one commercial property project in 2019, and such losses were approximately RMB6.6 million. We incurred losses with respect to the operation of this commercial property project primarily because it was in its early stage of operation and we incurred large amount of costs in relation to staffing and marketing in 2019 and we did not record losses for this commercial property project in 2020. Our revenue generated from the operation of this loss-making commercial property project amounted to approximately RMB7.1 million in 2019, representing approximately 9.8% of our revenue from the commercial operational service segment in the same year. See “Business—Commercial Operational Services—Commercial Operational Service Fees—Service Fees Charged on a Fixed Fee Basis” for details.

Our efforts to improve our ability to accurately assess the market demand and competitive status may not be successful which in turn would adversely affect our results of operations and financial condition.

**Our online and offline retail services and catering services are susceptible to product liability or food safety claims.**

As we are not involved in the manufacturing of the products we offer on our Modern Leisure Lifestyle (漫生活) mobile application, Brand New Cozy Home (新享家) mini-application and our offline convenience stores, 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, tampering, 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 products supplied to us are found



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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.

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. 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 products 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 that may arise over the attribution of product liability 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, 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 product 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.

**We cannot assure you that we can secure new or renew our existing property management service agreements and commercial operational service agreements on favorable terms, or at all.**

We believe that our ability to expand our portfolio of property management service agreements and commercial operational service agreements is key to the sustainable growth of our business. During the Track Record Period, we generally obtained new property management service agreements for residential properties by participating in tenders. The selection of a property management company depends on a number of factors, including but not limited to, service quality, industry reputation, pricing level and operational history of the property management company. We cannot assure you that we will be able to procure new property management service agreements 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.

Specifically, for our property management business, during the Track Record Period, we entered into preliminary management service agreements with property developers during the property development stage. Such agreements are transitional in nature and facilitate the transfer of legal and actual control of the properties from property developers to property owners. As of December 31, 2020, 15.0% of the residential properties under our management



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had established property owners' associations, which accounted for 10.7% of our total GFA under management for residential properties, and our total GFA under management governed by property management service agreements without fixed terms amounted to approximately 7.8 million sq.m. Preliminary property management service agreements typically expire when property owners' associations are established and new property management service agreements are entered into. See "Business—Property Management Services—Property Management Service Agreements." To continue managing the property, we may have to enter into a new property management service agreement with the property owners' associations. There is no guarantee that the property owners' association will enter into a new property management service agreement with us instead of our competitors. We may therefore bear the risk of termination of rendering services of the existing projects as a result of the set-up of property owners' associations. Our customers select us based on parameters such as quality and cost, and we cannot assure you that we will always be able to balance them on favorable terms for both sides.

Even where we succeed in entering into property management service agreements 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 value-added services to non-property owners to residential communities who have terminated our engagements, in 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 agreements on favorable terms, or at all. In 2018, 2019 and 2020, our property management service agreement retention rate was 100.0%, 97.1% and 100.0%, respectively. In 2019, our retention rate was lower than 100%, primarily because we voluntarily withdrew from two property management projects due to their low profit margin. Moreover, as both termination and non-renewal may be detrimental to our reputation, we may experience material adverse effects to our brand value. We believe that our brand value is essential to our ability to secure new property management service agreements. Failure to cultivate our brand value may diminish our competitiveness within the industry and lead to an adverse effect on our growth prospects and results of operations.

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

We plan to grow our business by organic growth as well as making acquisitions and investments in companies that suit our business strategies. However, there can be no assurance that we will be able to identify suitable opportunities. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

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

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

We plan to use 70.0% of the net proceeds raised from the Global Offering to pursue strategic acquisition and investment opportunities. See “Future Plans and Use of Proceeds—Use of Proceeds.” If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for other reasons beyond our control, the net proceeds may not be effectively used, and we may not be able to expand our business scale through acquisitions.

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

During the Track Record Period, we primarily generated revenue from our property management services under the property management service segment through the lump sum fee model, which accounted for approximately 98.3%, 98.0% and 99.2%, respectively, of our total revenue generated from the property management services under the property management service segment in 2018, 2019 and 2020. On a lump sum basis, we charge property management fees at a pre-determined fixed lump sum price per sq.m., representing “all-inclusive” fees for the property management services provided under the property management service segment. These management fees do not necessarily correspond with the actual amount of property management costs we incur. The amount we recognize as revenue is the full amount of property management fees we charge to the property owners or property developers, and the amount we recognize as our cost of sales is the actual costs we incur in connection with rendering our services. For more information on our fee model and relevant accounting policy, see “Business—Property Management Services—Property Management Fees” and “Financial Information—Significant Accounting Policies, Accounting Estimates and Judgments—Revenue Recognition.”

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During the Track Record Period, we incurred losses for two property projects under our management. In 2018, 2019 and 2020, such losses were RMB0.2 million, RMB0.5 million and nil, respectively. We recorded losses for one property project in 2018 because this is a relatively small residential property project and the property management fees collected from this property project were insufficient to cover the service costs incurred to offer quality property management services. We subsequently improved our operation efficiency by cutting unnecessary costs and did not record losses for this property project after 2018. We recorded losses for another property project in 2019 because we just started managing this property project in 2019 and invested relatively more resources on staffing and supplies into this property project to build customer trust as it was our first healthcare facility under management. We did not record losses for this property project after 2019. Our revenue from the property management services under the property management service segment from such loss-making property projects was approximately RMB2.1 million, RMB1.5 million and nil in 2018, 2019 and 2020, respectively, representing 0.8%, 0.4% and nil of our total revenue for the same periods, respectively.

In the event that we fail to accurately anticipate our actual costs prior to negotiating and entering into our property management service agreements, 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 incur may materially and adversely affect our results of operations.

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 to reduce the shortfall. However, our ability to mitigate against such losses through cost-saving initiatives may not be successful. Such events could adversely impact our reputation, profitability, results of operations and financial position.

**The success of our business is significantly related to general economic and market conditions.**

We derive a part of our revenue from providing commercial operational services, which subject us to a number of factors that could adversely affect the retail environment and demand for retail commercial properties generally, including:

- changes in international, national, regional and local economic conditions such as impact caused by the trade war between the PRC and the United States;
- impact on tenants and demand for retail space from the increasing use of the Internet by retailers and consumers;
- local real estate conditions, such as an oversupply of, or reduction in demand for, retail space or retail goods, decreases in rental rates and the availability and creditworthiness of tenants;

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- levels of consumer spending, changes in consumer confidence and fluctuations in seasonal spending; and
- changes in applicable laws and regulations, including tax, environmental, safety and zoning.

Periods of economic weakness or recession, rising interest rates, fiscal or political uncertainty, market volatility, declining demand for commercial real estate, falling real estate values, disruption to the global capital or credit markets or the public perception that any of these events may occur may also negatively affect the retail environment and demand for retail commercial properties. A significant deterioration in the retail environment and a decline in demand for retail commercial properties could have a material adverse effect on us.

**We may not be able to assist property owners in renting out all newly developed properties and renewing existing leases.**

Under our commercial operational service segment, we provide tenant sourcing services with respect to units located within the commercial properties. However, we may not be able to assist property owners in leasing all of their new properties to an appropriate mix of tenants. In addition, when leases for existing properties under our management expire, we may not be able to assist property owners in renewing such leases on favorable terms, or at all. As we receive a service fee pursuant to our arrangements with the relevant property owners, if we are unable to rent out such properties to tenants, and the commercial properties under our management fail to achieve the occupancy rate upon opening or maintain a high occupancy rate during their life cycle as agreed, our income from property management services provided to these commercial properties, tenant sourcing services, tenant management services, commercial management services and marketing and promotion services may decrease, and as a result, our results of operations and financial condition may be adversely affected.

**We are exposed to liabilities from disputes involving losses or damages incurred by products and services marketed through our lifestyle services and/or value-added services to non-property owners as well as other incidents that may occur in our ordinary course of business.**

We may encounter incidents during the course of our business which may materially and adversely affect our business operations. Claims may arise due to our employees' or third-party subcontractors' negligence or recklessness when providing lifestyle services and/or value-added services to non-property owners. In addition, product liability may arise from reselling or advertising the products or services through our lifestyle services and/or value-added services to non-property owners under the Laws on the Protection and Rights and Interests of Consumers of the PRC (《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.

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For instance, claims may be brought against us by purchasers, regulatory authorities or other third parties alleging, among other things, that: (i) the quality of the products sold or services provided by or through us fail to conform to the required product or service quality; (ii) advertisements made in common areas with respect to such products or services are false, deceptive, misleading, libelous, injurious to the public welfare otherwise offensive; (iii) such products or services are defective or injurious and may be harmful to others; and (iv) such marketing, communication or advertising infringe on the proprietary rights of other third parties. These occurrences could result in damage to, or destruction of, properties of the communities, personal injury or death and legal liability. Violation of product quality and safety requirements by third-party vendors may subject us to confiscation of related earnings, penalties or an order to cease sales of the defective products. If the offense is determined to be serious, our business license to sell these products could be suspended or revoked and we could be ordered to cease operations pending rectification.

We may be held liable for the personal injuries or property losses of our customers due to the foregoing incidents that may occur during the course of our business. 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. We may be required to recall our products and may face product liability claims due to a material design, manufacturing or quality failure in the products or services offered or advertised by us. 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. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of these events could materially harm our brand and reputation and marketability of such products or services, which may materially and adversely affect our business, results of operation and financial position.

**Our historical financial results may not be indicative of our future performance.**

Our business achieved rapid growth during the Track Record Period. In 2018, 2019 and 2020, our revenue was RMB258.0 million, RMB380.5 million and RMB588.3 million, respectively, while our net profit was RMB41.1 million, RMB64.0 million and RMB109.8 million, respectively. These historical results should not be taken as indicative of our future performance. We may not be able to sustain our rapid growth or may not even be able to grow our business at all. Further, our interim results, growth rates and profitability may not be indicative of our annual results or our future results, and our historical interim and annual results, growth rates and profitability may not be indicative of our future performance for the corresponding periods.

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

During the Track Record Period, some of our PRC subsidiaries did not fully contribute to certain social insurance and housing provident funds for their employees. As such, we may be subject to late fees and fines for our insufficient contributions to the social insurance plans and housing provident funds. As of the Latest Practicable Date, we had not received any notice from the local government authorities regarding any claim for inadequate contribution of our current and former employees. We made provisions in the amounts of RMB0.5 million, RMB0.3 million and RMB0.4 million in 2018, 2019 and 2020, respectively.

According to the relevant PRC laws and regulations, in respect of social insurance contributions, if we do not pay the full amount of social insurance contributions as required, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions by the deadline stipulated by them and we may be liable for a late payment fee equal to 0.05% of the outstanding amount of each day of delay. We may be liable to a fine of one to three times the amount of the outstanding contributions if we fail to make such payments by the deadline stipulated by them. In respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within the time period stipulated by relevant authorities. If payment is not made within such stipulated time period, relevant PRC authorities may apply to PRC courts for compulsory enforcement. See “Business—Legal Proceedings and Compliance—Non-Compliance—Social insurance and housing provident fund contributions” in this prospectus for more information. We cannot assure that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit or impose late or additional fees or fines on us, which may materially and adversely affect our financial condition and results of operation.

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

In March 2019, New Hope Property, our immediate parent company prior to the Reorganization, made a loan of RMB600.0 million to us and then entered into a non-recurring asset-backed security (the “2019 ABS”) arrangement (the “2019 ABS Arrangement”) with CITIC Securities Company Limited (“中信証券股份有限公司”) by transferring the receivables from the abovementioned loan to the 2019 ABS. In connection with the 2019 ABS, we made loans (the “2019 Loan”) to New Hope Property Group with an aggregate principal amount of RMB600.0 million at the same effective interest rate as the 2019 ABS. See “Financial Information—Indebtedness—Borrowings—2019 ABS.” As a result, in 2018, 2019 and 2020, we incurred interest income from a related party of nil, RMB43.1 million and RMB41.5 million, respectively, and interest expense to a related party of nil, RMB45.7 million and RMB43.4 million, respectively. See “Financial Information—Description of Certain Combined Statements of Profit or Loss and Other Comprehensive Income Items—Net Finance Cost.

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Article 61 of the General Lending Provisions (《貸款通則》) issued by the PBOC prohibits any financing arrangements or lending transactions between non-financial institutions, and that pursuant to Article 73 of the General Lending Provisions, the PBOC may impose on the non-compliant lender a fine of one to five times the income received by the lender from such loans. However, according to Article 10 of 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 "Judicial Interpretations on Private Lending Cases") which came into effect on September 1, 2015 and was latest amended on December 29, 2020, the Supreme People's Court recognizes the validity and legality of financing arrangements and lending transactions between non-financial institutions so long as certain requirements, such as the interest rates charged, are satisfied and there is no violation of relevant provisions of laws and regulations. As of the Latest Practicable Date, we had not received any notice of claim or was subject to any investigation or penalty relating to the interest-bearing loans to related parties and based on the public searches conducted by our PRC Legal Advisor, we had not been subject to any administrative penalty in respect of such interest-bearing loans by government authorities as of the Latest Practicable Date. As advised by our PRC Legal Advisor, under the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》), PRC courts will support a company's claim for interest from the date of engagement of contract to August 19, 2020 with relevant judicial interpretation at the time, and from August 20, 2020 to the date of repayment of the loan as long as the annual interest rate does not exceed four times the loan prime rate for one-year loan published by the National Interbank Funding Center when the related lawsuit is brought. Based on the above, our PRC Legal Advisor is of the view that the risk that we would be subject to any penalty with respect to such interest-bearing loans pursuant to the General Lending Provisions by the relevant regulatory authorities is remote, and that the interest-bearing loans to related parties do not constitute material non-compliance of laws and regulations and do not have a material adverse impact on the Listing. However, the final determination of the relevant regulatory authorities could be different, and we may be subject to penalties from the PBOC or adverse judicial rulings as a result of our provision of loan financings to related parties during the Track Record Period or any prior periods. Any of these penalties or adverse judicial rulings could have a material adverse effect on our business, financial position and results of operations.



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**Negative publicity, including adverse information on the Internet, about us, our Shareholders and affiliates, our brand, management, vendors as well as products and services provided by us may have a material adverse effect on our business, reputation and the trading price of our Shares.**

There could be from time to time negative publicity about us, our Shareholders and affiliates, our brand, management, vendors as well as products and services provided by us. Negative reviews on the properties managed by us, products and services provided by us, our business operations and management may appear in the form of Internet postings and other media sources from time to time and we cannot assure you that other types of negative publicity will not arise in the future. For example, if our services fail to satisfy our customers, our customers may disseminate negative opinions about our services through popular social media platforms. Partner vendors for our services may also be subject to negative publicity for quality of their products and services, or may suffer other public relations incidents, which may adversely affect the sales of their products or services on us and indirectly affect our reputation. Any such negative publicity, regardless of veracity, could materially and adversely affect our business, our reputation and the trading price of our Shares.

**The common areas of the properties we manage may suffer damage as a result of events beyond our control.**

The common areas of the properties we manage may suffer damage as a result of events beyond our control, including but not limited to natural disasters, accidents or intentional damage. Although PRC laws and regulations mandate that each residential community establish a special fund to pay the repair and maintenance costs of common 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, typhoons, fires, accidents or intentional harms, 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. The additional costs we incur due to damage to the communal areas of our properties may increase along with our business growth and geographic expansion.

**We may not be able to grow our business and reduce staff costs through using digital platforms.**

We have launched digital platforms to integrate online and offline information and resources, connect consumers with us and allow them to easily access our services, and assist us in other services. See “Business—Information Technology Platform” in this prospectus for more information. We also expect to reduce staff costs by improving operational efficiency using digital platforms. However, the existing digital platforms are relatively new and still evolving and we cannot assure you that we will be able to develop and launch our digital platforms as planned. We also cannot assure you that our investment in the digital platforms can be recovered in a timely manner, or at all, or that our return would be comparable to those of other companies. The future growth of our digital platforms depends on our ability to continue to understand consumers’ needs and preferences and attract new users. Given the



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ever-changing consumer preferences, we must stay abreast of emerging life-style and consumer preferences and anticipate product and service trends that will appeal to existing and potential users. New products and services, or entry into new markets, may require substantial time, resources and capital, and profitability targets may not be achieved. We cannot assure you that consumers will be interested in the products and services provided or to be provided through our digital platforms. If consumers cannot find information that fulfills their needs, or if the information they find are incorrect or out-of-date, they may lose interest in our digital platforms and thus may use our digital platforms less frequently, if at all, which in turn, could materially adversely affect our business, financial condition and results of operations.

We may also encounter technical problems, security issues and logistical issues that may prevent our online platforms from functioning properly and our users from receiving desired products and services. 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, which in turn, could materially adversely affect our business, financial condition and results of operations.

**We are exposed to risks associated with the use of third-party online payment platforms.**

We accept payments via various payment methods, including by not limited to online payment or third-party payment platforms. These online payments involve the transmission of confidential information such as credit card numbers, personal information and billing addresses over public networks. Secure processing, storage, and transmission of confidential information would be essential to maintain consumer confidence. As the prevalence of using online payment methods increases, associated online crimes will likely increase as well. We have no 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 our revenue derived from our operations. In addition, increasing and enhancing our security measures and efforts as well as legal compliance during the use of the third-party payment platforms may impose additional costs and expenses but still not guarantee complete safety and compliance. We are exposed to litigation and possible liability in relation to security breaches of the online payment platforms. Even if a security breach did not occur on the online payment platforms that we use, if an Internet or mobile network security breach were to occur, the perceived security of online payment platforms in general may be adversely affected and cause users to be reluctant to further use our services. Any leak of confidential information or data, breach of network security, personal data security, or other misappropriation or misuse of personal information, including users' personal information without prior and proper consent, could cause interruptions in the operations of our business and subject us to increased costs, litigation and other liabilities, which could materially and adversely affect our business, financial position, results of operations and our reputation. Furthermore, the PRC Government may promulgate new laws and policies to regulate the use of third-party online payment platforms, which may increase our compliance and operational costs.

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**We are exposed to interruptions and security risks in relation to our information technology systems, which may result in disruption of our operations.**

We rely on our information technology systems to manage key operational functions. We rely on information technology systems to provide lifestyle services to our customers and maintain quality control, which involves the collection and management of customer inquiries, requests and feedbacks, and organizing and tracking of our responses, follow-ups, conducting and recording internal assessments on service issues and inspection and maintenance of our equipment and facilities. However, we cannot guarantee that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar occurrences relating to our information technology systems will not occur in the future. If we fail to detect any system error or malfunction, continue to upgrade our information technology systems and network infrastructure, or take other measures to improve the efficiency of our information technology systems, system interruptions or delays could occur, which could adversely affect our operating results. In addition, occasional system interruptions and delays may occur to our customer service systems that make our services unavailable or difficult to access, and prevent us from promptly responding or providing services to our customers, which could reduce the attractiveness of our services and even incur losses to our customers who may bring legal proceedings against us. Moreover, we may incur significant costs in restoring any damaged information technology systems or to comply with any relevant data protection requirements under the relevant PRC laws and regulations. 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.

**Failure to protect confidential information of our customers and our network against security breaches, any actual or perceived failure by us or third parties to comply with applicable data protection laws and regulations or privacy policies could harm our business, financial condition and results of operations.**

During the ordinary course of our business, we may collect, store and process personal and other sensitive data of our customers, residents of or visitors to the properties we manage, including names, addresses, phone numbers, biometric data, shopping behaviors and other information. Any leak of confidential information or data, breach of network security, personal data security, or other misappropriation or misuse of personal information, including users' personal information without prior and proper consent, could cause interruptions in the operations of our business and subject us to increased costs, litigation and other liabilities, which could materially and adversely affect our business, financial position, results of operations and our reputation. 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. Our security measures may be breached due to employee error, malfeasance, system errors or vulnerabilities, or otherwise. Outside parties may also attempt to fraudulently induce employees to disclose sensitive information in order to gain access to our data or our customers' data. While we have taken steps to protect the confidential

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information that we have access to, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they have already been launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative or remedial measures. Any accidental or willful security breaches or other unauthorized access to our platforms could cause confidential customer information to be stolen and used for unlawful purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity.

The PRC laws and regulations in relation to cyber-security are relatively new and evolving, their interpretation and enforcement involve significant uncertainties, and the PRC government authorities may promulgate new laws and regulations regulating this area in the future, which could be costly to comply with. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, or if there are any public concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy-related matters, even if unfounded, our reputation and brand image could be severely damaged, which may, in turn, have a material and adverse effect on our business, financial position and results of operations.

**Our success depends on the continued services of our Directors, senior management and other qualified employees.**

Our continued success is highly dependent upon the efforts of our Directors, senior management and other qualified employees who are experienced in property management and related industries. We believe their professional skills and high status in the industry will make us more competent and outstanding. If a material number of our qualified employees leave and we are unable to promptly hire and integrate a suitable replacement, our business, financial position and results of operations may be materially and adversely affected. In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all aspects of our business, including corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be materially and adversely affected. See “Directors and Senior Management—Board of Directors” for more information.

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

We are required to obtain governmental approvals in the form of permits, licenses, certificates and fillings to provide some of our services, such as the filings of “non-commercial internet information services” required by our Modern Leisure Lifestyle (漫生活) mobile application and the relevant permits required for our canteen services. See “Business—Certificates, License and Permits” in this prospectus for more information. These

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permits, licenses, certificates and filings are generally issued or renewed only after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles in fulfilling such conditions, which could delay 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. Loss of or failure to obtain or renew our permits, licenses and certificates may stall or even result in closure of our business operations, and could materially and adversely affect our business operations, results of operations and financial condition.

**Rapid growth of the e-commerce business in the PRC may have negative impact on the operation of physical stores which may in turn affect our profitability.**

As the e-commerce business in the PRC has experienced rapid growth, the purchasing habits of the consumers may undergo significant changes. People may tend to shop online instead of visiting the physical stores which may result in decrease of consumer traffic at commercial properties that we operate. This may negatively impact the business and financial condition of our tenants. In the event that the business and financial condition of these tenants are affected by the change in purchasing habits or preferences of the consumers, they may decrease their rental area or even cease to rent the shop units. We cannot assure you that we will be able to maintain our historical growth rates of revenue and profit, or remain profitable, if such adverse changes occur.

**We may not be able to collect property management fees from property owners, residents and/or property developers which could incur impairment losses on our trade receivables.**

We may encounter difficulties in collecting property management fees from property owners especially in communities with relatively high vacancy rate. We cannot assure you that our collection measures will be effective or enable us to accurately predict our future collection rate. In 2018, 2019 and 2020, our collection rate of property management fees, calculated by dividing the aggregate property management fees we actually collected during a period divided by the aggregate amount of property management fees to which we are entitled during the same period, was 93.3%, 94.6% and 96.3%, respectively. See “Financial Information—Description of Certain Combined Statements of Profit or Loss and Other Comprehensive Income Items—Revenue—Revenue from property management services.” Even though we seek to collect overdue property management fees through a number of collection measures, we cannot assure you that such measures will be effective or enable us to accurately predict our future collection rates.

As of December 31, 2018, 2019 and 2020, our allowance for impairment of trade receivables amounted to RMB0.5 million, RMB1.4 million and RMB1.8 million, respectively. Although our management’s estimates and the related assumptions have been made in accordance with information available to us, such estimates or assumptions are subject to

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further adjustment if new information becomes known. See “Financial Information—Description of Certain Combined Statement of Financial Position Items—Assets—Trade receivables.” In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of any new information, we may need to provide for an additional allowance for impairment of trade receivables, which may adversely affect our cash flow position and our ability to meet our working capital requirements, and therefore materially and adversely affect our business, financial position and results of operations.

**The collection of our trade receivables is subject to seasonal fluctuations.**

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, particularly because property owners, tenants and residents tend to settle outstanding property management fee balances toward the second half of the year, especially near the end of the year. In general, our trade receivable amounts increase throughout the year and decrease toward the end of the year when property owners, tenants, and residents clear their outstanding property management fee balances. 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 may hamper our ability to expand and grow our operations, which could in turn adversely affect our business, financial position and results of operations.

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

We lease certain properties from third parties mainly for subleasing or use as office premise or staff accommodation. As of the Latest Practicable Date, we had not received sufficient or valid ownership certificates or other ownership documents of six properties from lessors. Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, could require us to relocate our offices and staff quarters occupying these properties. If any of our leases are terminated or voided as a result of challenges from third parties or the government, we would need to seek alternative premises and incur relocation costs. Any relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects. In addition, there can be no assurance that the PRC Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licenses or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

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**Some of our lease agreements were not registered with the relevant government authorities and, as a result, we might be subject to administrative fines.**

As of the Latest Practicable Date, we had not filed 26 lease agreements relating to properties we leased with the local housing administration authorities as required under PRC laws and regulations, primarily due to non-cooperation of the relevant landlords and the lack of title certificates. According to applicable PRC regulations, the lessor and the lessee of a lease agreement are required to file the lease agreement with relevant governmental authorities within 30 days after the execution of the lease agreement. If the filing is not made, the governmental authorities may require that the filing be made within a stated period of time, failing which they may impose on us a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. According to applicable PRC regulations, lessors of the related leases need to provide us with certain documents (such as their business licenses or identification information) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings. If we fail to complete the administrative filings within the period required by the relevant governmental authorities and relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, we might be subject to fines. See “Business—Properties” in this prospectus.

**We may fail to recover all payments made on behalf of property owners and residents of the properties managed on a commission basis.**

In 2018, 2019 and 2020, revenue generated from our property management services under the property management service segment on a commission basis accounted for 1.7%, 2.0%, and 0.8%, respectively, of our revenue from property management services under the property management service segment. When we are contracted to manage properties on a commission basis, we essentially act as an agent of the property owners. As of the end of a period, if the working capital of a project accumulated is insufficient to cover the expenses such project has incurred to arrange for property management services under the property management service segment, the shortfall is recognized as other receivables subject to impairment. Our management makes estimates on whether we have the ability to settle the payments made on behalf of residents. For the balances that our management believes may not be recovered within a reasonable time, we write such balances off as an impairment of trade receivables.

Although our management’s estimates were made in accordance with currently available information, such estimates may not be accurate. In the event that the actual recoverability is lower than expected, or that our past allowance on bad debt becomes insufficient in light of new information, we may need to make more allowance on bad debt, which in turn may materially and adversely affect our business, financial position and results of operations.



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**Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation.**

We maintain insurance policies against major risks and liabilities arising from our business operations, primarily (i) liability insurance to cover liabilities for property damages or personal injuries suffered by third parties arising out of or related to our business operations; and (ii) property insurance for damages to both movable and immovable properties owned by us or in our custody. We cannot assure that our insurance coverage will be sufficient or available to cover damage, liabilities or losses we may incur in the ordinary course of our business. In addition, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we are held responsible for any such damages, liabilities or losses and there is an insufficiency or unavailability of insurance, we could suffer significant costs and diversion of our resources, and thereby materially and adversely affect our business, financial condition and results of operation. See “Business—Insurance.”

**Our employees and third-party subcontractors may sustain work injuries during the ordinary course of providing commercial operational and property management services.**

Work injuries may occur during the ordinary course of our business. For example, repair and maintenance services performed by our employees or subcontractors may involve the handling of tools and machinery that carry the inherent occupational risk of accidents. 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 and third-party subcontractors. Such occurrences may also damage our reputation within the property management and commercial operational service market. 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. As a result, our business, financial condition, results of operations could be materially and adversely affected.

**There are uncertainties about the recoverability of our deferred tax assets, which could adversely affect our results of operations.**

As of December 31, 2018, 2019 and 2020, our deferred tax assets amounted to RMB1.5 million, RMB4.6 million and RMB7.4 million, respectively, which mainly relate to temporary difference between the accounting basis and tax basis of our assets and liabilities as well as tax losses. See “Financial Information—Significant Accounting Policies, Accounting Estimates and Judgments—Deferred tax assets” and Note 2 to the Accountants’ Report in Appendix I to this prospectus.

Deferred tax assets are recognized to the extent that it is probably that future taxable profit will be available against which the deductible temporary differences can be utilized. This requires significant judgment on the tax treatments of certain transactions and also assessment

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on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. We cannot guarantee the recoverability or predict the movement of our deferred tax assets. If we fail to recover our deferred tax assets, this may adversely affect our financial position in the future.

**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 have established risk management and internal control systems consisting of policies and procedures that we believe will contribute to the continued success of our business. See “Business—Internal Control and Risk Management.” However, we cannot guarantee that we will always be able to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct (accidental or otherwise), such as theft, vandalism and bribery, committed by our employees, subcontractors or third parties in a timely and effective manner.

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 and incur damages to our reputation and brand value.

**We may be involved in legal and other disputes and claims from time to time during the ordinary course of operation.**

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



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

Our intellectual property is a crucial business assets, which is key to our customer loyalty and essential to our future growth. The success of our business depends to a certain extent upon our continued ability to use our trade names and trademarks to increase brand recognition and to develop our business brands. Unauthorized reproduction or infringement of our trade names or trademarks could diminish the value of our brands as well as our market reputation and competitive advantages. The unauthorized third party may use our intellectual property in ways that damage our reputation and brand names, such as providing services that are at lower standards or handling customer relationship in bad manner.

We rely on a combination of trademarks, confidentiality procedures and contractual provisions as well as legal registration to protect our intellectual property rights. Nevertheless, we cannot guarantee that such measures provide full protection. Policing unauthorized use of proprietary information can be difficult and expensive. In addition, the intellectual property laws and regulations in the PRC are still immature as compared with most developed countries, and therefore the enforceability, scope and validity of laws governing intellectual property rights in the PRC are uncertain and still evolving, which could involve substantial risks to us. If we fail to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights, it could have a material adverse effect on our business, results of operations and financial position.

**Third parties may file claims against us possible infringement of their intellectual property rights.**

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.

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## RISK FACTORS

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**We may be subject to fines for any inability to comply with national environmental, health and safety standards.**

We are subject to extensive and increasingly stringent environmental protection, health and labor safety laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees. In addition, there is a growing awareness of environmental, health and labor safety issues, and we may sometimes be expected to meet a standard which is higher than the compulsory requirements. We cannot guarantee that more stringent environmental protection, health and labor safety requirements or standards will not be imposed in the future. We cannot assure you that our procedures and training will be completely effective in satisfying all relevant environmental and safety requirements. If we are unable to comply with existing or future environmental, health and labor safety laws and regulations or are unable to meet public expectations in relation to relevant 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.

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

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including the cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as the Severe Acute Respiratory Syndrome, or SARS, the H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1), or, most recently, the COVID-19 pandemic. See “—Risks Relating to Our Business and Industry—Our business operations may be affected by the COVID-19 pandemic.” Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. Another public health crisis in the PRC triggered by a recurrence of SARS or an outbreak of any other epidemics, including, for example, the ongoing COVID-19 pandemic, especially in the cities where we have operations, may result in material disruptions to our operations. In addition, the outbreak of communicable diseases may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect the PRC and other economies. Such outbreak has resulted in restrictions on travel and public transportation and prolonged closures of workplaces, which may have a material adverse effect on the global economy. Any material change in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect our business, financial position and results of operations.

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## RISK FACTORS

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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 industry, the real estate industry and general economic conditions, most of which are beyond our control. For example, 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, resulting in a lower demand for our property management services and value-added services under the property management service segment. As such, our business, financial position, results of operations and prospects would be materially and adversely affected.

In addition, the outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the unemployment rate remains relatively high. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow and outflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. In the United Kingdom, a remain-or-leave referendum on its membership within the European Union was held in June 2016, the result of which favored the exit of the United Kingdom from the European Union, or Brexit. On January 31, 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. The UK-EU trade agreement, which contains new rules for living, working and trading together, took effect on December 31, 2020. Given the lack of precedent and uncertainty of the negotiation, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting, property owners and potential property purchasers, which may lead to a decline in the general demand for our services and erosion of their prices. In addition, any further tightening of liquidity in the global financial markets may negatively affect our liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets crisis continue, our business, financial condition and results of operations may be negatively affected.

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## RISK FACTORS

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**We are subject to the regulatory environment and measures affecting the PRC property management and real estate industries.**

Our operations are affected by the regulatory environment and measures affecting the property management industry in the PRC. In particular, the fees that property management companies may charge in connection with property management services are subject to regulation and supervision by relevant regulatory authorities in the PRC. See “—We are subject to PRC government guidance prices which may negatively affect our pricing capability and profitability” for more details.

Moreover, we may also be affected by the PRC government regulations on the real estate industry. We generated a substantial portion of our revenue from our property management service segment during the Track Record Period. The performance of our property management service segment is primarily dependent on the total GFA and number of property projects we manage. As such, the growth in our property management service segment is, and will likely continue to be, affected by the PRC government regulations on the real estate industry. For further information on laws and regulations that are applicable to our business, see “Regulatory Overview” in this prospectus. The PRC government had in the past introduced various restrictive measures to discourage speculation in the real estate market and has exerted 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, real estate financing and taxation. Through these policies and measures, the PRC government may restrict or reduce property development activities, place limitations on the ability of commercial banks to make loans to property purchasers, impose additional taxes and levies on property sales and affect the delivery schedule and occupancy rates of the properties we service. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth and resulting in a material adverse effect on our business, financial position and results of operations. In particular, the PRC government may introduce other initiatives or implement more stringent measures in the future, such as setting caps on certain debt ratios, with a view to controlling the increase of the debt levels in the real estate sector. Such potential initiatives or measures, once in place, may further limit property developers’ access to capital and slow down the overall growth of the real estate sector and expansion of property developers, including New Hope Property Group, which may in turn negatively impact the growth of the property management industry and the supply of new properties for management by property management companies like us. In extreme cases that New Hope Property Group encounters financial difficulties that may result in delays in completion of its projects, the growth of our GFA under management will be affected, which in turn will adversely affect the growth of our property management services and other services. Furthermore, any economic slowdown, recession or other developments in the social, political, economic or legal environment of the PRC could result in fewer new property development projects, or a decline in the purchasing power of residents or tenants of the properties we manage, resulting in lower demand for our services and lower revenue for us. As such, our business, financial condition and results of operations could be materially and adversely affected.

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## RISK FACTORS

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

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

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

### **RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC**

**The PRC economic, political and social conditions as well as government policies could affect our business, results of operation, financial position and prospects.**

Our major business, assets and operations are located in the PRC. Therefore, our business, results of operation, financial position and prospects are, to a large extent, subject to the economic, political, social and legal conditions in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including, among other things, structure, level of government involvement, level of development, growth rate, supervision of foreign exchange and allocation of resources.

The PRC has been transforming in the past forty years. While the PRC economy has grown significantly in aggregate, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC Government's control over capital investment, price controls or any changes in tax regulations or foreign exchange controls that are applicable to us. In addition, many of the reform measures are unprecedented or experimental and are expected to be modified from time to time. Other

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## RISK FACTORS

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political, economic and social factors may lead to further adjustment. Going forward, our business may, from time to time, be subject to the transforming economic situations and legal environment in the PRC. In particular, demand for our services and our business, financial position and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws, regulations or policies or the interpretation of laws, regulations or policies;
- measures which may be introduced to control inflation or deflation;
- changes in interest rates or market disruptions experienced in overseas markets that directly or indirectly affect the capital markets of the PRC;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

Furthermore, there is no assurance that the substantial growth in the PRC economy in the previous decades will continue or continue at the same pace. In May 2017, Moody's Investors Service downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook from stable to negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. In recent years, the trade war between the U.S. and China further slows down the growth of the PRC economy and gives rise to uncertainties on the global economy. In 2018 and 2019, the U.S. Government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on cumulatively US\$550 billion worth of Chinese products. In retaliation, the PRC Government responded with tariffs on cumulatively US\$185 billion worth of U.S. products. In addition, in 2019, the U.S. Government restricted certain Chinese technology firms from exporting certain sensitive U.S. goods. The PRC Government lodged a complaint in the World Trade Organization against the U.S. over the import tariffs in the same year. The trade war created substantial uncertainties and volatilities to global markets. On January 15, 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the "Phase I Agreement"). Subsequent to the entering of Phase I Agreement, the PRC government and the U.S. government adopted specific measures to exclude imports from the other country from additional tariffs. It remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. The lasting impact the trade war may have on China's economy and the real estate industry remains uncertain. Should the trade war materially impact the PRC economy, the purchasing power and needs of our customers could be negatively affected.

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## RISK FACTORS

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**We may be subject to a tax rate of 25% on our global income if we are deemed to be a PRC resident enterprise under the EIT Laws.**

Under the EIT Law, an enterprise established outside of the PRC may be considered a “PRC resident enterprise” and will generally be subject to the uniform enterprise income tax rate of 25% on its global income if its “de facto management body” is located in the PRC. “De facto management body” is defined as the organizational body that effectively exercise management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On April 22, 2009, SAT promulgated the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or the “Circular 82,” as amended on November 8, 2013, January 29, 2014 and December 29, 2017, which sets out the standards and procedures for determining whether the “de facto management body” of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the locations where the senior management and core management departments, who are in charge of the enterprise’s daily business and operations, perform their duties are mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies within the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within the PRC; and (iv) more than half of the enterprise’s directors with voting rights or senior management reside within the PRC. In addition, Circular 82 also requires that the determination of “de facto management body” shall be based on the principle that substance is more important than form. In addition to Circular 82, the SAT issued the Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》), or the “Bulletin 45,” commenced implementation on September 1, 2011 and amended on April 17, 2015 and June 28, 2016 and June 15, 2018, which provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT’s criteria for determining the tax residence of foreign enterprises in general. If we are deemed a PRC resident enterprise, we may be subject to the EIT rate of 25% which could adversely affect our financial position and results of operation.

**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 the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding EIT at the rate of 10% is normally



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## RISK FACTORS

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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 the PRC, 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 the PRC 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 the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding income 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.

As we conduct all of our business operations in the PRC, 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 the PRC 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 the PRC may not enjoy benefits under such tax treaties or arrangements.

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

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. See “Regulatory Overview—Regulations on Corporation and Foreign Investment.” We receive all our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. The foreign exchange control system may prevent us from obtaining sufficient foreign currency to satisfy our currency demands. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments to our shareholders, or otherwise satisfy our foreign currency denominated obligations, if any.

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



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## RISK FACTORS

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### **Payment of dividends is subject to restrictions under PRC law.**

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

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

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

### **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.**

In July 2014, the SAFE promulgated the Circular on Management of Offshore Investment and Financing and Round Trip Investment By Domestic Residents through Special Purpose Vehicles (Huifa [2014] No. 37) (《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》(匯發[2014]37號)), or the "Circular 37." Pursuant to Circular 37 and relevant 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, 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

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## RISK FACTORS

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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. Pursuant to Circular of the State Administration of Foreign Exchange 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》)(匯發[2015]13號) (Huifa [2015] No. 13), or the "Circular 13," 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 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 the PRC.**

A number of PRC laws and regulations, including the M&A Rules, the Anti-Monopoly Law (《反壟斷法》), and the Rules of the MOFCOM on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated by the MOFCOM on August 25, 2011 and effective from September 1, 2011 or the Security Review Rules, have established procedures and requirements that are expected to make the review of certain merger and acquisition activities by foreign investors in the PRC more time-consuming and complex. These include requirements in some instances to obtain approval from local offices of the MOFCOM in advance of any transaction in which foreign investors take control of a PRC domestic enterprise, or to obtain approval from the 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 declaration or security review.

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

**Inflation in the PRC could negatively affect our profitability and growth.**

Economic growth in the PRC 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. High 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 management service.

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

As our businesses are primarily conducted and our assets are almost all located in the PRC, we are governed principally by the PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Although the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, with a view to developing a comprehensive system of commercial law since 1978, China has not developed a fully integrated legal system. The recent laws and regulations may not sufficiently cover all aspects of economic activities in the PRC, or may be unclear or inconsistent. In particular, since the property management industry is in its early developmental stage in the PRC, the laws and regulations relating to this industry are evolving and may not be comprehensive. Because of the limited volume of published decisions and their

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non-binding nature, the interpretation and enforcement of PRC laws and regulations involve uncertainties and can be inconsistent. Even where adequate laws exist in the PRC, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain efficient and equitable enforcement of a judgment by a PRC court. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis, or at all, that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules in a timely manner. Finally, any litigation in the PRC may be protracted and result in substantial costs and the diversion of resources and management's attention. The materialization of all or any of these uncertainties could have a material adverse effect on our financial position and results of operations.

**It may be difficult to effect service of process on our Directors or executive officers who reside in the PRC or to enforce against us or them in the PRC any foreign judgments.**

We are incorporated in the Cayman Islands. All of our senior management members reside in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any foreign judgments. China does not have treaties providing for the reciprocal recognition and enforcement of civil or commercial judgments of courts with the United States, the United Kingdom, Japan and many other countries. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions may be difficult or even impossible. On July 14, 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Pursuant to the Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC against the other party so long as such party has legal capacity. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong against the other party so long as such party has legal capacity. 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 the PRC if the parties in dispute do not agree to enter into a choice of court agreement in writing. It may be also difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in the PRC.

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## RISK FACTORS

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

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

### **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 Sole Global Coordinator (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; (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;
- 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;

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## RISK FACTORS

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- 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.

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

The Offer Price of our Offer Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering. Therefore, if we distribute our net tangible assets to our Shareholders immediately following the Global Offering, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in unaudited pro forma adjusted consolidated net tangible assets and will receive less than the amount they paid for their Shares.

In order to expand our business, we may consider offering and issuing additional Shares in the future. We may also raise additional funds to finance future acquisitions or expansions of our business operations by issuing new Shares or other securities of our Company in the future. As a result, purchasers of our Offer Shares may experience dilution in the net tangible assets value per Share of their investments in the Offer Shares and such newly issued Shares or other securities may confer rights and privileges that have priority over those of the then Shareholders.

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

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

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## RISK FACTORS

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

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

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

Any declaration of dividends will be proposed and determined by our Board of Directors, and the amount of any dividends will depend on various factors, including but not limited to, our results of operations, financial performance, profitability, business development, prospects, capital requirements, economic outlook and other factors that our Directors deem relevant. We cannot guarantee that dividends of any amount will be declared or distributed in any year. See “Financial Information—Dividend Policy and Retained Profits.”

**Our Ultimate Controlling Shareholders has substantial control over our Company and its interests may not be aligned with the interests of the other Shareholders.**

Prior to and immediately following the completion of the Global Offering, our Ultimate Controlling Shareholders will remain having substantial control over its interests in the issued share capital of our Company. Subject to the Articles of Association, the Companies Ordinance and the Listing Rules, the Ultimate Controlling Shareholders by virtue of its controlling beneficial ownership of the share capital of our Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. Therefore, our Ultimate Controlling Shareholders will have significant influence on the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. The interests of the Ultimate Controlling Shareholders may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of the Ultimate Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.



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## RISK FACTORS

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**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. See “Future Plans and Use of Proceeds.”

**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 Cayman Islands and its affairs are governed by our Memorandum, Articles of Association, the Cayman Islands 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 “Summary of the Constitution of the Company and Cayman Islands Company Law—3. Cayman Islands Company Law—(f) Protection of Minorities and Shareholders’ Suits” in Appendix IV to this prospectus.

**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 May 14, 2021. However, our Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be May 25, 2021. 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.



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## RISK FACTORS

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**The accuracy of certain facts and other statistics with respect to the PRC, the PRC economy and our relevant industries in this prospectus which are derived from various official government sources and third-party sources cannot be guaranteed.**

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

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

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

**Forward-looking information in this prospectus is subject to risks and uncertainties.**

This prospectus contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this prospectus, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward,” “intend” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this prospectus. Whether actual results will conform with our

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## **RISK FACTORS**

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expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

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In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

### MANAGEMENT PRESENCE

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Currently, all of our executive Directors reside in the PRC. We do not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules.

Our core business and operations are substantially based and conducted in the PRC. It would be practically difficult and commercially unnecessary for us to relocate two of our executive Directors to Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. We have applied to the Stock Exchange for and the Stock Exchange has granted a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to, amongst others, the following conditions:

- (1) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that we will comply with the Listing Rules at all times. The two authorized representatives appointed are Ms. Chen Jing (“**Ms. Chen**”), our executive Director, and Mr. Lau Kwok Yin (**Mr. Lau**), our joint company secretary. Mr. Lau is ordinarily resident in Hong Kong. Although Ms. Chen resides in the PRC, she possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and e-mail (if applicable). Each of the authorized representatives is authorized to communicate on our behalf with the Stock Exchange. The Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance and Mr. Lau has been authorized to accept service of legal process and notices in Hong Kong on our behalf.
- (2) Each of the authorized representatives has means to contact all of our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, each of our Directors has provided his or her office phone number, mobile phone number, fax number and e-mail address (if applicable) to our authorized representatives. In the event that a Director expects to travel, he or she will endeavor to provide the phone number of the place of his or her accommodation to the authorized representatives or maintain an open line of communication via his or her mobile phone, and the authorized representatives have provided their respective mobile phone numbers, office telephone numbers, fax numbers and e-mail addresses (if applicable) to the Stock Exchange.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES

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- (3) In addition, each of our Directors (including our independent non-executive Directors) not ordinarily resident in Hong Kong has confirmed that he/she possesses or can apply for valid travel documents to visit Hong Kong for business purpose and will be able to come to Hong Kong and meet with the relevant officers of the Stock Exchange within a reasonable period of time, when required.
- (4) In compliance with Rule 3A.19 of the Listing Rules, we have appointed Orient Capital (Hong Kong) Limited as our compliance advisor to act as an additional channel of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 in respect of its financial results for the first full financial year commencing after the Listing Date.

### JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and the Guidance on experience and qualification requirement of a company secretary (HKEX-GL108-20), the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have appointed Ms. Zhao Xiaoxing and Mr. Lau Kwok Yin as our joint company secretaries. Ms. Zhao Xiaoxing is the secretary of our Board. Our Directors are of the view that, having regard to Ms. Zhao's thorough understanding of the corporate governance of our Group, she is therefore considered as a suitable person to act as a company secretary of our Company. In addition, as our headquarters and principal business operations are located in the PRC, our Directors believe that it is necessary to appoint Ms. Zhao as a company secretary, whose presence in the PRC enables her to attend to the day-to-day corporate secretarial matters concerning our Group. However, Ms. Zhao does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, and thus she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Therefore, we have appointed Mr. Lau, a fellow member of The Hong Kong Institute of Chartered Secretaries, who is qualified under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary to work closely with and provide assistance to Ms. Zhao.

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## **WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES**

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Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Zhao as our joint company secretary on the condition that Ms. Zhao will be assisted by Mr. Lau as our joint company secretary throughout the three-year period from the Listing Date. Being a senior manager of SWCS Corporate Services Group (Hong Kong) Limited and by virtue of his experience in corporate secretarial practice, Mr. Lau is, in our Directors' opinion, a person who is qualified and suitable to provide assistance to Ms. Zhao, for a three-year period from the Listing Date so as to enable Ms. Zhao to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge her duties. In addition, Ms. Zhao will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Ms. Zhao has access to the relevant trainings and support which will enhance her understanding of the Listing Rules and the duties of a company secretary of a listed issuer on the Stock Exchange.

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

Please see the section headed "Directors and Senior Management" in this prospectus for the biographical details of Ms. Zhao and Mr. Lau.

### **CONTINUING CONNECTED TRANSACTIONS**

We have entered into certain transactions which will constitute continuing connected transactions for the Company under the Listing Rules after Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the reporting, annual review, announcement and (where applicable) independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "Connected Transactions—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders' Approval Requirement" and "Connected Transactions—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements." For more information, please see "Connected Transactions."

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **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 us. 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;
- there are no other matters the omission of which would make any statement herein or in this prospectus misleading; and
- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

### **INFORMATION AND REPRESENTATION**

We have not authorized anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorized by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. No representation is made that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus.

### **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 in relation to subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attaching to them). It is emphasized that none of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, agents, advisers, employees, personnel or any other persons or parties involved in the Global Offering accepts responsibility for any tax affairs or liabilities of any person resulting from the subscription for, purchase, holding or disposing of, dealing in our Shares, or the exercise of any rights attaching to our Shares.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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|  |   |
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| Issuer   | New Hope Service Holdings Limited   |
| The Global Offering  | <p>The Global Offering of (i) initially 20,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong pursuant to the Hong Kong Public Offering (subject to reallocation) and (ii) initially 180,000,000 International Offer Shares for subscription pursuant to the International Offering (subject to reallocation and the Over-allotment Option).</p> <p>If the Over-allotment Option is exercised, the Company will be issuing up to 30,000,000 Offer Shares.</p> |
| Offer Price range  | Not more than HK\$4.70 and not less than HK\$3.80 per Share   |
| Share borrowing arrangements in connection with settlement           | The Stabilizing Manager or any person acting for it may borrow up to 30,000,000 Shares from Golden Rose.  |
| Over-allotment Option  | Up to 30,000,000 additional new Shares to be issued by the Company  |
| Procedure for application for Hong Kong Offer Shares                 | See “How to Apply for Hong Kong Offer Shares” and the relevant Application Forms.   |
| Conditions of the Hong Kong Public Offering                          | Details of the conditions of the Hong Kong Public Offering are set out in “Structure and Conditions of the Global Offering—Conditions of the Global Offering”.  |
| Lock-up undertakings by the Company and the Controlling Shareholders | See “Underwriting—Underwriting Arrangements and Expenses—Undertakings to the Stock Exchange pursuant to the Listing Rules” and “Underwriting—Underwriting Arrangements and Expenses—Undertakings Pursuant to the Hong Kong Underwriting Agreement”.   |
| Commencement of dealing in the Shares                                | Dealings in our Shares on the Main Board are expected to commence at 9:00 a.m. (Hong Kong time) on Tuesday, May 25, 2021. Shares will be traded in board lots of 1,000 Shares each.   |

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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| Stamp duty                                    | Dealings in the Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares. In addition, a fixed duty of HK\$5 is charged on each instrument of transfer (if required).   |
| Application for Listing on the Stock Exchange | Application has been made to the Listing Committee for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the Capitalization Issue and any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme. No part of the Share or the loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.   |
| Restrictions on offers and offers for sale    | No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstance 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/or the Application Forms and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S. |



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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### Eligibility for CCASS

Subject to the granting of the Listing of, and permission to deal in, the Shares on the Stock Exchange and compliance of 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 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 (as defined in the Listing Rules) after any trading day. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### Language

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

### Rounding of figures

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

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### Exchange Rate Conversion

Solely for your convenience, this prospectus contains translation of certain currencies based on the exchange rates prevailing on the Latest Practicable Date published by the PBOC for foreign exchange transactions. No representation is made that the Renminbi amounts could actually be converted into any Hong Kong dollar at the rates indicated or at all. Unless we indicate otherwise, (i) translations of Hong Kong dollars into Renminbi are based on the rate of HK\$1.00 to RMB0.8330; and (ii) translations of United States dollars into Renminbi are based on the rate of US\$1.00: RMB6.4672.

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**DIRECTORS**

| <b>Name</b>                    | <b>Address</b>  | <b>Nationality</b> |
|--------------------------------|---|--------------------|
| <i>Executive Directors</i>     |   |                    |
| Ms. Wu Min (武敏)                | Room 701, Unit 1, Building 2<br>No.6 East Shuxing Road<br>Jinniu District<br>Chengdu, Sichuan<br>China  | Chinese            |
| Ms. Chen Jing (陳靜)             | No. 404, Unit 1, Block 27<br>No. 33 Huijin Road<br>Gaoxin District<br>Chengdu, Sichuan<br>China         | Chinese            |
| <i>Non-executive Directors</i> |   |                    |
| Mr. Zhang Minggui (張明貴)        | No. 901, Unit 1, Building 5<br>Shuiqingmu huayuan<br>Sancaitang<br>Haidian District<br>Beijing<br>China | Chinese            |
| Mr. Jiang Mengjun (姜孟軍)        | Room 9, Unit 3, Building 5<br>No.2 Qingrong Road<br>Wuhou District<br>Chengdu, Sichuan<br>China         | Chinese            |
| Mr. Dong Li (董李)               | No.65, Shawan Road<br>Jinniu District<br>Chengdu, Sichuan<br>China                                      | Chinese            |
| Ms. Huang Kun (黃坤)             | (No.6) No.136, Ningxia Road<br>Qingyang District<br>Chengdu, Sichuan<br>China                           | Chinese            |

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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| <b>Name</b>                                | <b>Address</b>   | <b>Nationality</b> |
|--|--|--------------------|
| <i>Independent Non-executive Directors</i> |  |                    |
| Mr. Cao Qilin (曹麒麟)                        | No.18, Floor 5, Building 2<br>Taolin Apartment<br>No.29, Wangjiang Road<br>Wuhou District<br>Chengdu, Sichuan<br>China | Chinese            |
| Mr. Yan Lap Kei Isaac<br>(殷立基)             | Flat F 41/F Block 1<br>Harbour Green<br>8 Sham Mong Road<br>Tai Kok Tsui<br>Kowloon<br>Hong Kong                       | Chinese            |
| Mr. Li Zhengguo (李正國)                      | No.7, Unit 2, Building 2<br>No. 9 Tonghe Road<br>Jinniu District<br>Chengdu, Sichuan<br>China                          | Chinese            |

Please refer to “Directors and Senior Management” for further details of our Directors and senior management members.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

#### Sole Sponsor

##### **ABCI Capital Limited**

*(a licensed corporation registered for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO)*

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

#### Sole Global Coordinator

##### **ABCI Capital Limited**

*(a licensed corporation registered for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO)*

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

#### Joint Bookrunners

##### **ABCI Capital Limited**

*(a licensed corporation registered for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO)*

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

##### **Haitong International Securities Company Limited**

22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong

##### **CMB International Capital Limited**

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

##### **CLSA Limited**

18/F, One Pacific Place  
88 Queensway  
Hong Kong

##### **CMBC Securities Company Limited**

45/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Joint Lead Managers

**Fortune (HK) Securities Limited**  
4102-6, 41st Floor, Cosco Tower, Nos 183  
Queen's Road Central, Hong Kong

**China Everbright Securities (HK) Limited**  
12/F, Everbright Centre, 108 Gloucester  
Road, Wanchai, Hong Kong

**ABCI Securities Company Limited**  
*(a licensed corporation registered for Type 1  
(dealing in securities) and Type 4 (advising  
on securities) of the regulated activities  
under the SFO)*  
10/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

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

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

**CLSA Limited**  
18/F, One Pacific Place  
88 Queensway  
Hong Kong

**CMBC Securities Company Limited**  
45/F, One Exchange Square, 8 Connaught  
Place, Central, Hong Kong

**Fortune (HK) Securities Limited**  
4102-6, 41st Floor, Cosco Tower, Nos 183  
Queen's Road Central, Hong Kong

**China Everbright Securities (HK) Limited**  
12/F, Everbright Centre, 108 Gloucester  
Road, Wanchai, Hong Kong

**Futu Securities International (Hong Kong)  
Limited**  
Unit C1-2 13/F, United Centre  
No. 95 Queensway  
Admiralty, Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Livermore Holdings Limited**

Unit 1214A 12/F, Tower II Cheung Sha Wan  
Plaza, 833 Cheung Sha Wan Road  
Kowloon, Hong Kong

**Legal advisors to the Company**

*As to Hong Kong law:*

**Sidley Austin**

Level 39  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

*As to PRC law:*

**Commerce & Finance Law Offices**

6th Floor, NCI Tower  
A12 Jianguomenwai Avenue  
Chaoyang District  
Beijing  
China

*As to Cayman Islands law:*

**Appleby**

Suites 4201-03 & 12  
42/F, One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

**Legal advisors to the Sole Sponsor and  
the Underwriters**

*As to Hong Kong law:*

**King & Wood Mallesons**

13/F Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

*As to PRC law:*

**Zhong Lun Law Firm**

25-26/F, South Tower, Tianfu International  
Finance Center  
966 North Tianfu Avenue  
High-tech Zone  
Chengdu  
P.R.China

**Auditor and reporting accountants**

**KPMG**

*Certified Public Accountants*  
8/F, Prince's Building  
10 Chater Road  
Central  
Hong Kong

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**Industry Consultants****Savills Corporate Appraisal & Advisory Limited**

2101 East Tower, Twin Tower,  
B-12 Jianguomenwai Avenue  
Chaoyang District  
Beijing  
China

**寧波億翰商務諮詢有限公司****(Ningbo EH Business Consulting Co., Ltd.\*)**

6/F, Jingu Zhonghuan Building  
1313, Jiangchang Road  
Jing'An District  
Shanghai  
China

**Property Valuer****Savills Valuation and Professional Services Limited**

Room 1208  
1111 King's Road  
Taikoo Shing  
Hong Kong

**Receiving bank****CMB Wing Lung Bank Limited**

45 Des Voeux Road Central  
Hong Kong



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## CORPORATE INFORMATION

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| <b>Registered office</b>                                     | 71 Fort Street, PO Box 500<br>George Town, Grand Cayman, KY1-1106<br>Cayman Islands  |
| <b>Principal place of business and headquarters in China</b> | 16/F, Building 2<br>New Hope Zhongding International<br>No. 366 Jinshi Road<br>Jinjiang District<br>Chengdu, Sichuan<br>China  |
| <b>Principal place of business in Hong Kong</b>              | 40th Floor, Dah Sing Financial Centre<br>248 Queen's Road East<br>Wanchai<br>Hong Kong   |
| <b>Company's website</b>                                     | <b><u><a href="http://newhopeservice.com.cn">newhopeservice.com.cn</a></u></b> ( <i>the information contained on this website does not form part of this prospectus</i> )  |
| <b>Joint Company secretary</b>                               | Ms. Zhao Xiaoxing<br>16/F, Building 2<br>New Hope Zhongding International<br>No. 366 Jinshi Road<br>Jinjiang District<br>Chengdu, Sichuan<br>China<br><br>Mr. Lau Kwok Yin<br>40/F, Dah Sing Financial Centre<br>248 Queen's Road East<br>Wanchai, Hong Kong |
| <b>Audit committee</b>                                       | Mr. Yan Lap Kei Isaac (殷立基) ( <i>Chairman</i> )<br>Mr. Jiang Mengjun (姜孟軍)<br>Mr. Li Zhengguo (李正國)  |
| <b>Remuneration committee</b>                                | Mr. Cao Qilin (曹麒麟) ( <i>Chairman</i> )<br>Ms. Huang Kun (黃坤)<br>Mr. Li Zhengguo (李正國)   |
| <b>Nomination committee</b>                                  | Mr. Zhang Minggui (張明貴) ( <i>Chairman</i> )<br>Mr. Li Zhengguo (李正國)<br>Mr. Cao Qilin (曹麒麟)  |

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## CORPORATE INFORMATION

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**Authorized representatives**

Ms. Chen Jing  
No. 404, Unit 1, Block 27  
No. 33 Huijin Road  
Gaoxin District  
Chengdu, Sichuan  
China

Mr. Lau Kwok Yin  
40/F, Dah Sing Financial Centre  
248 Queen's Road East  
Wanchai, Hong Kong

**Compliance advisor**

**Orient Capital (Hong Kong) Limited**  
28/F-29/F  
100 Queen's Road Central  
Central  
Hong Kong

**The Cayman Islands Principal share  
registrar and transfer office**

**Appleby Global Services (Cayman)  
Limited**  
71 Fort Street  
PO Box 500  
George Town  
Grand Cayman KY1-1106  
Cayman Islands

**Hong Kong Share Registrar**

**Computershare Hong Kong Investor  
Services Limited**  
Shops 1712-1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

**Principal Bank**

**China Merchants Bank  
Chengdu Jinguancheng Sub-branch**  
Building 5  
Times Sunny Garden  
8 Hangkong Road  
Chengdu City  
Sichuan Province  
China

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## INDUSTRY OVERVIEW

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*The information presented in this section is derived from the Savills and EH Consulting Report and various official or publicly available publications. The information derived from the Savills and EH Consulting Report reflects estimates of the market conditions based on information from various sources. We believe that such sources of the information in this section are appropriate sources as Savills Corporate Appraisal & Advisory Limited (“Savills”) and Ningbo EH Business Consulting Co., Ltd. (“EH Consulting”) are both independent professional research agencies and have taken reasonable care in extracting and reproducing such information, and have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. We, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or their respective affiliates or advisors or any other party involved in the Global Offering (other than Savills and EH Consulting) has not independently verified, and make no representation as to, the accuracy of the information from official government or other third-party sources. The official government and other third-party sources contained herein may not be accurate and should not be unduly relied upon. The Directors confirm that after making reasonable enquiries, there is no adverse change in the market information since the date of the Savills and EH Consulting Report up to the date of this prospectus which may qualify, conflict or have an impact on the information in this section.*

### BACKGROUND AND RESEARCH METHODOLOGY

We commissioned Savills and EH Consulting, both independent industry consultants, to conduct an analysis of the property management industry in China, and jointly produce the Savills and EH Consulting Report, for which we paid a total of RMB550,000.0.

Savills is an international real estate consultancy group which provides a range of services including valuation and consultancy for occupiers, investors and developers across all sectors of the real estate market. Savills has an international network of more than 650 offices and associates throughout the US, the UK, continental Europe, Asia Pacific, Africa and the Middle East, and has a global workforce of approximately 39,000.

EH Consulting is a PRC-based real estate industry research institution based in the PRC with rich experience in in-depth research on the property development and the property management industries in China. EH Consulting has focused on the research of the Top 100 Property Management Companies in China and published the report on the Top 100 Property Management Companies in China every year since 2016. In assessing and ranking the Top 100 Property Management Companies in China, EH Consulting aims to balance 5 criteria, namely profitability, reputation among customers, competitiveness among peers, growth potential and social responsibilities of property management companies. EH Consulting measures (i) profitability through property management companies’ scale of operation (as indicated by the number of projects and the aggregate GFA under management) and financial data (primarily

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## INDUSTRY OVERVIEW

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revenue and net profit); (ii) reputation among customers through property management companies' customer satisfaction (as indicated by the number and frequency of customer complaints), awards and recognitions received, and publicity management; (iii) competitiveness among peers through property management companies' regions of operation, support from parent company, number of business lines, and popularity in the capital markets; (iv) growth potential through property management companies' growth rates in aggregate GFA under management, revenue, and net income; and (v) social responsibility by monitoring property management companies' annual enterprise income tax payments and their amounts. Its research targets encompass property management companies which manage at least an average of ten properties or a total GFA of more than 500,000 sq.m. each year over the past three years.

The Savills and EH Consulting Report was based on data collected from primary sources from site visits, interviews, proprietary database, as well as proprietary data, such as data from the National Bureau of Statistics of the PRC, regional bureaus of statistics, the China Property Management Institute, research reports published by Savills and EH Consulting, and various industry reports. Savills and EH Consulting also gathered data from a multitude of other sources, including data from property management companies (including data from reported statistics which Savills and EH Consulting considered reliable, websites and marketing materials), surveys conducted by EH Consulting and data gathered from government authorities. EH Consulting prepares the ranking of the property management companies mainly by evaluating their overall strength in terms of management scale, operating performance, service quality, growth potential, social responsibilities and customer satisfaction. While preparing the industry report and ranking information, Savills and EH Consulting had relied on the following assumptions: (i) the economic growth in China will remain sustainable during the forecast period, (ii) the social, economic and political environments in relevant markets are expected to remain stable in the forecast period, (iii) key market drivers such as the continued urbanization, the continued growth of per capita disposable income and development of real estate market are likely to boost the development of relevant markets, and (iv) where subscribed data were obtained from renowned public institutions, Savills and EH Consulting had relied upon the apparent integrity and expertise of such institutions.

### THE PROPERTY MANAGEMENT INDUSTRY IN CHINA

#### Overview

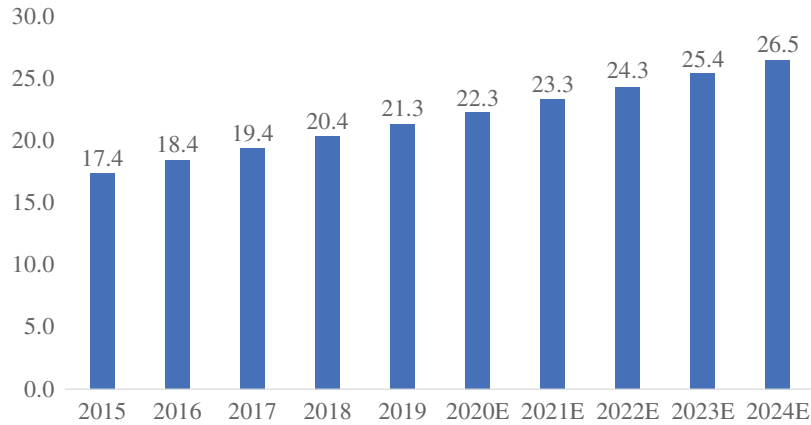
The property management industry in China has been developing for nearly 40 years. As of the end of 2019, there were approximately 137,000 property management companies in China. The overall market size of the property management industry in China increased from 17.4 billion sq.m. in 2015 to 21.3 billion sq.m. in 2019, representing a CAGR of 5.2%. According to the forecast of Savills and EH Consulting, the CAGR for the management area of the Chinese property industry from 2020 to 2024 will be 4.5%.

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## INDUSTRY OVERVIEW

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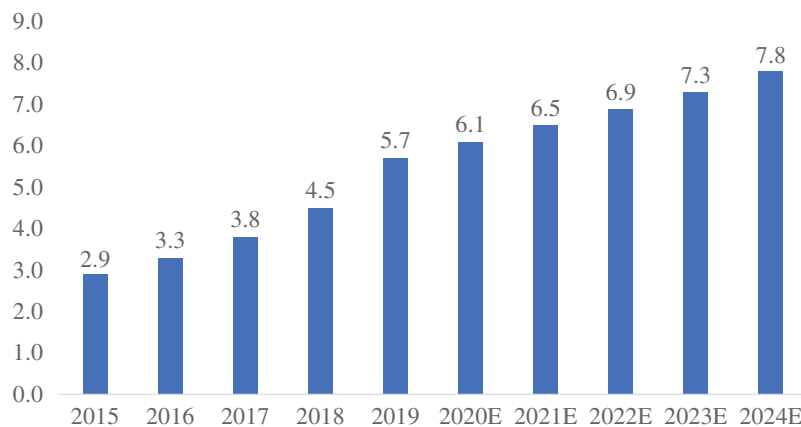
**The Overall Market Size of the Property Management Industry in China, 2015-2024E (Unit: billion sq.m.)**



Source: Savills and EH Consulting Report

The Top 100 Property Management Companies in China have accelerated their growth in terms of GFA under management. According to the Savills and EH Consulting Report, the GFA under management of the Top 100 Property Management Companies grew steadily to 5.7 billion sq.m. in 2019, with a CAGR of 19.1% from 2015 to 2019, which has continued to for five consecutive years. According to the forecast of Savills and EH Consulting, the GFA under management of the Top 100 Property Management Companies will increase at a CAGR of 6.2% from 2020 to 2024.

**The GFA under management of the Top 100 Property Management Companies in China (Unit: billion sq.m.)**



Source: Savills and EH Consulting Report

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## INDUSTRY OVERVIEW

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The continuous increase in the GFA under property management, growing customer needs of diversified services and the expansion of diversified revenue channels have promoted greater growth in the operating revenue of property management companies. In 2019, the total operating revenue of the property management industry of China amounted to increased 19.2% year-on-year to approximately RMB809.5 billion, whereas the CAGR for the total operating income of the property management industry reached 17.6% between 2015 and 2019. According to the forecast of Savills and EH Consulting, the CAGR for the total operating revenue of the property management industry will reach 19.7% from 2020 to 2024.

### The Operating Revenue of property management service market in China (Unit: RMB billion)



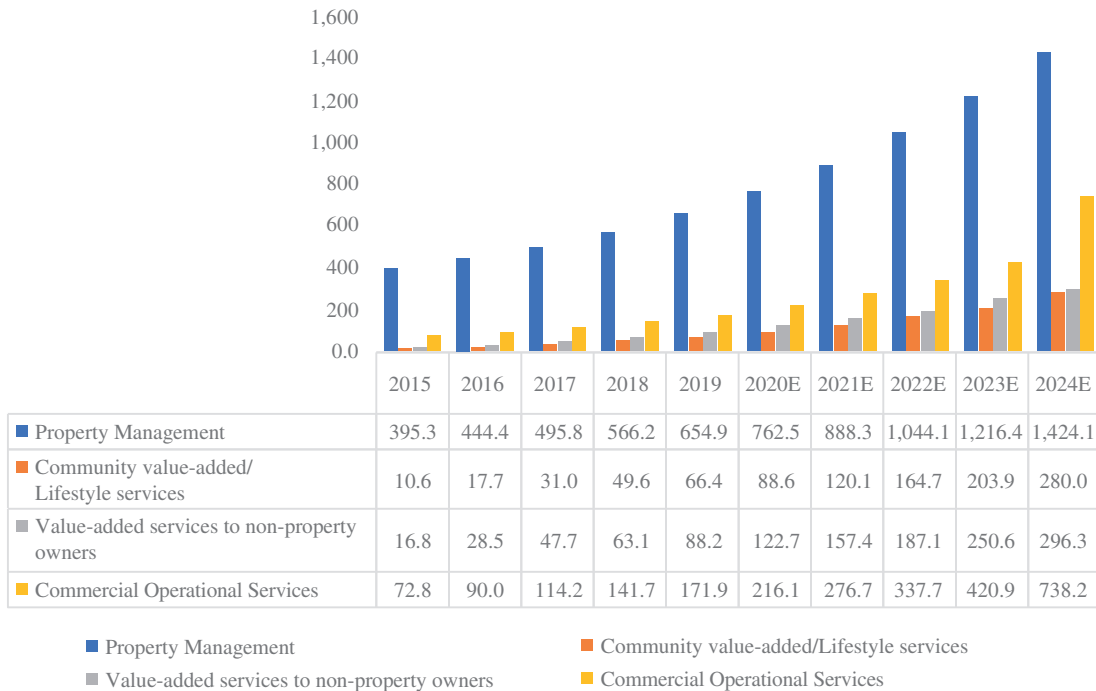
Source: Savills and EH Consulting Report

The property management companies in China generate revenue from value-added services, including community value-added services and value-added services to non-property owners. According to Savills and EH Consulting Report, revenue from property management services in China increased from RMB395.3 billion in 2015 to RMB654.9 billion in 2019, representing a CAGR of 13.5%.

Property management companies in China are continuously diversifying the scope and content of value-added services. The revenue from value-added services rapidly increased from RMB27.5 billion in 2015 to RMB154.6 billion in 2019, representing a CAGR of 54.0%, and would reach RMB576.0 billion in 2024 with a CAGR of 30.1% from 2019 to 2024.

## INDUSTRY OVERVIEW

### Revenue by Types of Property Management Services in China



The operating revenue of the Top 100 Property Management Companies reached a record high of RMB149.4 billion in 2019, accounting for 18.5% of the entire industry, representing a year-on-year increase of 38.8% as compared to RMB107.6 billion in 2018. The CAGR for the operating revenue of the Top 100 Property Management Companies was 22.2% from 2015 to 2019, which was 4.6% higher than the CAGR for the overall operating revenue of the industry.

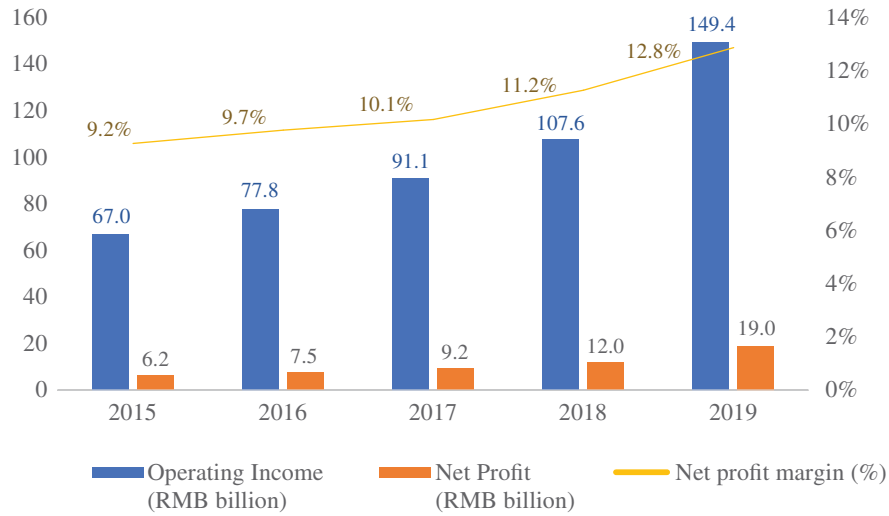
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## INDUSTRY OVERVIEW

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The Top 100 Property Management Companies have achieved steady growth in net profits while maintaining stable charging levels. According to Savills and EH Consulting Report, net profit of the Top 100 Property Management Companies amounted to RMB19.0 billion in 2019, representing a year-on-year increase of 58.2% from 2018. The CAGR for net profits of the Top 100 Property Management Companies was 32.6% from 2015 to 2019.

### Operating Revenue, Net profit and Net Profit Margin of the Top 100 Property Management Companies from 2015 to 2019



Source: Savills and EH Consulting Report



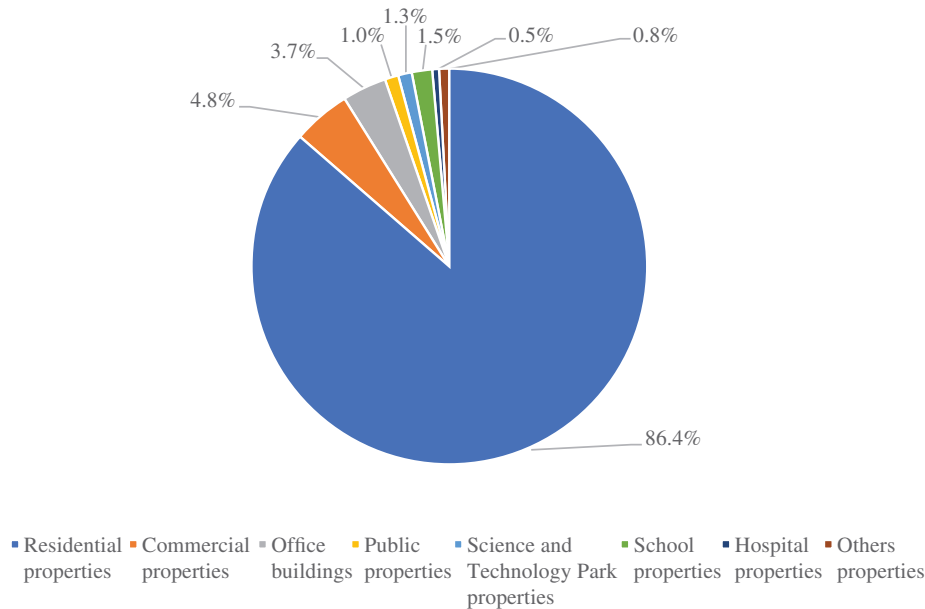
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## INDUSTRY OVERVIEW

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At present, the principal property management services in China are provided to residential and non-residential properties, of which the residential properties remain the main focus. In 2019, the area of residential properties under management of the Top 100 Property Management Companies amounted to 5.0 billion sq.m., accounting for 86.4% of the total area under management of the Top 100 Property Management Companies.

### The Proportion of Property Types under Management of the Top 100 Property Management Companies in 2019



Source: Savills and EH Consulting Report

## Commercial Property Management and Operation Services Market in China

### Macroeconomic Overview

The emergence of commercial property management services is attributable to the rapid development of commercial properties over the past several decades. At the end of 2019, the cumulative GFA of commercial properties under management in China reached 3.1 billion square meters. The market size of China's commercial property management services in 2019 amounted to approximately RMB274.0 billion. As the profit margin of commercial properties is higher than that of residential properties, property management companies are actively expanding their portfolio of commercial properties under management.

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## INDUSTRY OVERVIEW

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With the development of the commercial property market, developers increasingly tend to own properties, and make profit by renting out properties instead of selling them. Correspondingly, the professional business operation services have developed substantially, and the scope of their services has been expanded. It is estimated that the GFA under management of commercial operation companies increased from 267.3 million square meters in 2014 to 623.7 million square meters in 2019, with a compound growth rate of 18.5% during the period. The revenue generated from commercial operational services in China amounted to RMB116.6 billion, RMB133.6 billion, and RMB150.4 billion in 2017, 2018 and 2019, respectively, representing a CAGR of approximately 13.6%. As property developers continue to enter the commercial property market, it is expected that both the size and scope of commercial operational services will expand in tandem.

### **Fee Models in the Property Management Industry**

The property management fees are usually charged on a lump sum basis or a commission basis. At present, most of the property management companies in China adopt the lump sum basis, especially for residential properties. The lump sum basis can improve the efficiency of property management companies by eliminating several collective decision-making procedures related to large expenditures by property owners and residents and encourage property management companies to optimize their operations to increase profitability. On the contrary, the commission basis has been adopted for more and more non-residential properties, which allows property owners to participate more deeply in property management and more closely supervise property management companies.

### **Key Drivers for the Property Management Industry**

#### *The Introduction of the Relevant Supporting Policies*

The laws and regulations of property management are the fundamental supporting pillar of the property management industry, and a good policy environment creates an important foundation for the healthy development of the industry. A series of favourable policies supporting the development of the residential property management services market have come into effect, such as the Opinions on Relaxing Fees Controls in Several Services Issued by the National Development and Reform Commission (《國家發展改革委關於放開部分服務價格意見的通知》), which requires the provincial-level price administration authorities to abolish any price control or guidance policies on services provided to residential properties except for certain properties subsidized by the government such as affordable houses. In order to accelerate the development of the consumer services industry and promote the upgrading of the consumption structure, the General Office of the State Council issued Guidelines for Accelerating the Development of Consumer Services and Promoting the Upgrading of Consumption Structure (關於加快發展生活性服務業促進消費結構升級的指導意見) on November 19, 2015, which introduced the idea of regulating and standardizing the consumer services such as property management and their developments. This policy was stated to improve community service outlets, multi-modal provision of infant care, nursing, beauty

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## INDUSTRY OVERVIEW

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salons, washing and dyeing, household appliances and other daily necessities repair and other life services. It also promotes the standardization development of real estate agents, housing rental operations, property management, moving cleaning, home vehicle maintenance and repair and other life services.

On October 29, 2020, the National Development and Reform Commission and 14 other ministries jointly issued the Work Programme on The Promotional Fees for The Recent Expansion of Domestic Demand, which provides external protection for the diversification of the property industry and is conducive to promoting the construction of intelligent communities and community life services for property management companies.

On January 5, 2021, the Ministry of Housing and Urban-Rural Development of the PRC issued the Notice on Strengthening and Improving the Management of Residential Property, which clearly improves the pricing mechanism of property services, emphasizes the market-oriented pricing tone of residential property management, and establishes a dynamic adjustment mechanism based on the implementation of government-directed prices. This policy encourages the property management companies to enhance services quality by applying technologies, such as IoT, cloud computing, big data and artificial intelligence. Qualified property management companies are encouraged to turn to areas such as elderly care, child care, household services, health services, and real estate brokerage, and to explore the “property services + living services” mode. The property management companies, which carry out living services businesses such as elderly care and household services, may apply to enjoy the preferential and supportive policies according to the relevant regulations.

### ***The Significant growth in the population, urbanization rate and per capita disposable income in urban areas***

According to the National Bureau of Statistics, the total population of China was 1.4 billion at the end of 2019, representing a net increase of 4.7 million as compared to 2018. At the end of 2019, the urbanization rate of China has reached 60.6%, representing a CAGR of 2.4% from 2015 to 2019. The per capita disposable income of urban residents of China increased from RMB31,195.0 in 2015 to RMB42,359.0 in 2019, representing a CAGR of 7.9% from 2015 to 2019. The significant growth in the urbanization rate and per capita disposable income in urban areas have become the major driving factors of the development of the property management industry.

### ***The New Opportunities under the Epidemic***

During the COVID-19 epidemic, property management companies improved customer satisfaction and loyalty by providing quality services and meeting customer needs. Property management companies have received government financial support for the development of mobile applications, internet platforms and smart communities. In addition, driven by the demand for public health and epidemic prevention, old residential communities will seek and entrust property management companies to provide necessary community services.

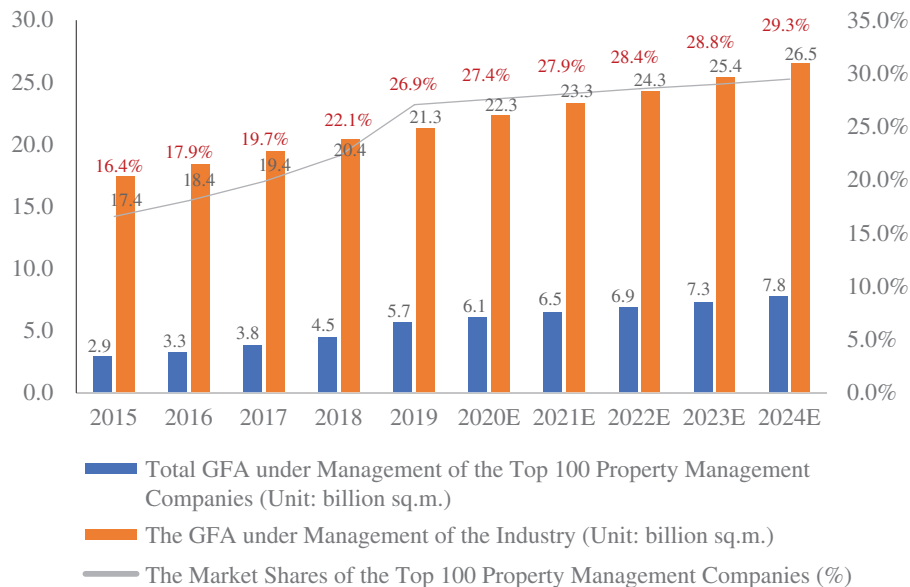
## INDUSTRY OVERVIEW

### Development Trends of China's Property Management Industry

#### *The Increasing market concentration*

Some of the Top 100 Property Management Companies have accelerated the rate of service innovation and expanded their business scale, and the market concentration has continued to increase. Large-scale property management companies actively seek strategic expansion to increase their market share and achieve better economies of scale. According to Savills and EH Consulting Report, the market share of the Top 100 Property Management Companies in terms of GFA under management has increased from 16.4% in 2015 to 26.9% in 2019, representing an increase of 4.8% from 22.1% in 2018.

#### **The GFA under Management of the Property Management Industry, the GFA under Management and the Market Shares of the Top 100 Property Management Companies**



Source: Savills and EH Consulting Report

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## INDUSTRY OVERVIEW

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### *Increasingly Diversified Property Management Services*

Currently, the core business of property management companies in China mainly includes property management services and value-added services. Value-added services are divided into two categories: value-added services to property owners and value-added services to non-property owners. Value-added services to property owners primarily consist of community value-added or lifestyle services, such as community asset management services, community space operational services, catering services, online and offline retail services, housekeeping services, and elderly care services. Property management companies can optimize their service mix and income sources by diversifying the lifestyle services they provide. In 2019, the total revenue generated from lifestyle services accounted for approximately 13.0% of the total revenue of the entire property management industry in China, representing a 40.3% increase from 2018. Value-added services to non-property owners target at the property developers, charging fees for the provision of the sales assistance service, engineering services and consulting services by using its own advantages in the property management techniques and operation experience. In 2019, the total revenue generated from value-added services to non-property owners accounted for approximately 13.7% of the total revenue of the entire property management industry in China, representing a 21.6% increase from 2018.

According to the analysis of Savills and EH Consulting, value-added services to property owners still have great potential for development. Property management companies enjoy the advantage of being close to property owners and residents, which makes it easier for property management companies to obtain the information on residents' needs. In the future, community value-added services will shift from housing-focused to community-focused, shifting from a separate development model to a collaboration model with non-property companies, from satisfying residents' basic needs to the deep-seated needs for education, finance and elderly care, transforming the general property management service market into specialized one, with various focuses on children, single persons, families, and the elderly, in order to maximize the contribution of value-added services to the community in the operating income of companies.

With the acceleration of urbanization and the increasing investment in commercial properties, the commercial operational service market kept fast-growing in recent years. The commercial operational services generally refer to a full range of services provided to commercial properties from the early preparation stage to the handed-over operation stage, including marketing, tenant sourcing, consulting, business promotion, operation and management services, among others. The commercial properties generally refer to various retail-related places including enclosed and open-air shopping centres, and shopping streets that are within large-scale and multi-functional development projects.

According to Savills and EH Consulting Report, revenue from commercial operational services in China increased from RMB72.8 billion in 2015 to RMB171.9 billion in 2019, representing a CAGR of 24.0%, and would reach RMB738.2 billion in 2024 with a CAGR of 33.8% from 2019 to 2024.

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## INDUSTRY OVERVIEW

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In the future, due to improving operational efficiency and lightening the financial burdens of acquiring assets by commercial operational service providers, asset-light model and strategy will be popular. Meanwhile, under the developing trend of providing diversified and differentiated services and creating a unique lifestyle experience, there will be higher requirements for the technology and innovation level in the commercial operational service market.

### *Increasing Demand for Professional Talent*

With the rapid development of technology, property management companies need to recruit and retain more professional talent with management and technical skills, and continue to subcontract the labor-intensive parts, such as cleaning, landscaping, and order maintenance, to subcontractors. At the same time, property management companies pay more attention to the recruitment and training of professional and skilled personnel, promote the implementation of intelligent management and information technology and promote innovation, in order to maintain their leading market position and increase the satisfaction rate of property owners.

### *Smart Technology Helping the Property Management Industry*

The property management service industry is in the process of integrating digitization, automation and intelligence. The Internet and mobile applications promote the diversification of services in the property management industry and accelerate the development of smart communities. “Smart community” takes the needs of residents as the core, integrates online and offline information and resources, reflects the characteristics of the community, and uses the Internet, smart terminals and other information technologies to achieve the digitization, automation, modernization and synergy of resident services. By using information technologies such as cloud applications, e-commerce, Internet of Things, big data, and artificial intelligence, most property management companies have been able to develop diversified businesses, cut labor costs, and increase their profitability. For example, artificial intelligence technologies such as smart access control, smart building management, smart energy management, patrol robots, delivery robots, and consulting robots have greatly reduced the labor costs of property management companies, improved capabilities and service quality, and met the diverse needs of customers.

### *The Accelerating Trend of Industry Capitalization*

The development of the capital market remains active, and many property management companies participate in the capital market to broaden their financing channels. As of December 31, 2020, there are 36 property management companies listed on the Hong Kong Stock Exchange, one property management company listed on the Shanghai Stock Exchange, three property management companies listed on the Shenzhen Stock Exchange, and 35 property management companies listed on the National Equities Exchange and Quotations. Such listed property management companies can increase investment in technological innovation, build smart platforms, strengthen cooperation with other property management companies, improve

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## INDUSTRY OVERVIEW

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service quality, and improve operational efficiency with the capital they raise from their public offering. In addition, diversified funding sources allow property management companies to accelerate selective and strategic mergers and acquisitions and further expand their business scale.

### *Historical Price Trends*

Property management services are labor-intensive, involving a large number of staff labor and administrative costs. The labor cost of employees of property management companies has increased year by year from 2015 to 2019. According to Savills and EH Consulting, labor costs of the Top 100 Property Management Companies accounted for 52.9%, 53.7%, 56.2%, 56.7%, and 60.4%, respectively of their cost of sales. In addition, public utility expenses, such as electricity and water bills, have been on a gradual increase. Rising labor costs and operating costs may reduce the profit margin of property management service companies and exert greater pressure on companies in the market.

According to Savills and EH Consulting Report, the average monthly property management fees of the property management service industry in China were RMB1.77 per square meter, RMB1.93 per square meter, RMB2.14 per square meter, RMB2.26 per square meter, RMB2.34 per square meter, respectively, from 2015 to 2019. It is expected that the average monthly property management fees in China will be approximately RMB2.38 per square meter and RMB2.44 per square meter in 2020 and 2021.

### *Competitive landscape of property management industry in China*

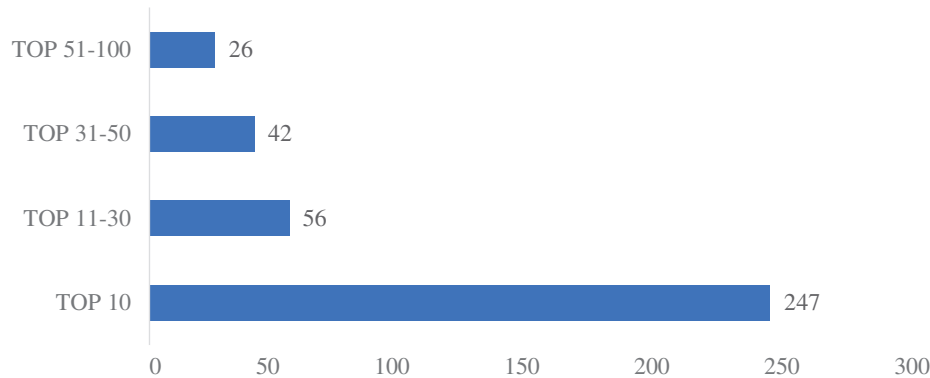
The property management industry in China is large but highly competitive. The Top 100 Property Management Companies rely on strong capital and resource advantages to capture a market share of near 26.9% in terms of GFA under management. Growing property companies make use of competitive advantages to their differentiate themselves from large players, developing diversified value-added services while improving the quality of their basic property management services, in order to seize market in segmented business areas in the fierce competition.

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## INDUSTRY OVERVIEW

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**The GFA under Management of Top 100 Property Management Companies in China by Tiers, 2019**  
(Unit: million sq.m.)

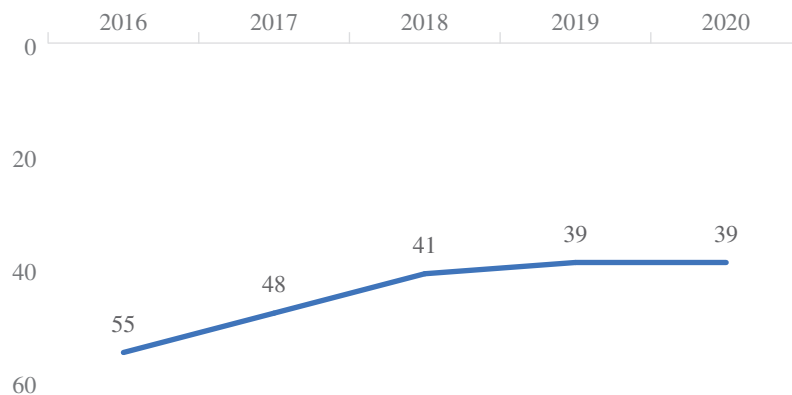


Source: Savills and EH Consulting Report

### Our Competitive Advantages

According to Savills and EH Consulting Report, we ranked 39th in the Top 100 Property Management Companies in China in terms of Overall Strength 2020<sup>1</sup>, advancing 16 positions from 55th in 2016 to 39th in 2020.

### Our Rankings among Top 100 Property Management Companies in terms of Overall Strength (2016-2020)



Source: Savills and EH Consulting Report

<sup>1</sup> The research report on the Top 100 Property Management Companies in China in terms of Overall Strength is published by EH Consulting on an annual basis. The assessment is made on total scores of key indicators for these property management companies. These indicators include but not limited to management scale, operating performance, service quality, growth potential, social responsibilities and customer satisfaction.



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## INDUSTRY OVERVIEW

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According to Savills and EH Consulting, we generated RMB58.23 per sq.m., ranking 8th among the Top 100 Property Management Companies in China in terms of Overall Strength, and was awarded the Top Ten Property Management Companies in China in terms of Revenue Generating Capacity per Square Meter in 2020 (2020年中國物業企業單坪創收十強).

**Table: Our Ranking among Top 100 Property Management Companies in China in terms of Revenue Generating Capacity per sq.m. (2019)**

| <b>Ranking</b> | <b>Name of Property Management Companies</b> | <b>Revenue generating capacity per sq.m. (RMB/sq.m.)</b> |
|----------------|--|--|
| 1 . . . . .    | Company A                                    | Approximately 130  |
| 2 . . . . .    | Company B                                    | Approximately 78   |
| 3 . . . . .    | Company C                                    | Approximately 69   |
| 4 . . . . .    | Company D                                    | Approximately 64   |
| 5 . . . . .    | Company E                                    | Approximately 62   |
| 6 . . . . .    | Company F                                    | Approximately 61   |
| 7 . . . . .    | Company G                                    | Approximately 60   |
| 8 . . . . .    | Our Group                                    | 58.23  |

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*Source:* Savills and EH Consulting Report (note: revenue generating capacity per sq.m. = revenue/GFA under management)

According to Savills and EH Consulting Report, we ranked 5th among Top 100 Property Management Companies in terms of net profit margin. Besides, during 2018 and 2019, the growth rate of the operating revenue was 47.5%, which was 8.5% higher than the average growth rate of the overall market. In 2019 our average monthly property management fee was RMB3.69 per sq.m., which was RMB1.35 per sq.m. higher than that of the property management service industry in China. We continue to broaden our service offering, provide diversified lifestyle service to customers and enhance income generating capacity per unit area. In terms of revenue generating capacity per sq.m., we ranked first in the Southwestern China region.

**Our Ranking Among Top 100 Property Management Companies in terms of Net Profit Margin (2019)**

| <b>Ranking</b> | <b>Name of Property Management Companies</b> | <b>Net Profit Margin (%)</b> |
|----------------|--|------------------------------|
| 1 . . . . .    | Company H                                    | Approximately 25             |
| 2 . . . . .    | Company I                                    | Approximately 21             |
| 3 . . . . .    | Company G                                    | Approximately 18             |
| 4 . . . . .    | Company K                                    | Approximately 17             |
| 5 . . . . .    | Our Group                                    | 16.8                         |

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*Source:* Savills and EH Consulting Report

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## INDUSTRY OVERVIEW

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### Barriers to enter into the industry

The barriers to enter into the industry include:

**Market demand for professional services:** The demand for property management services varies by clients and property types. Certain specialized markets demand more professional services and higher service quality. New players may be at disadvantage as they typically lack understanding of the market and experience in providing property management services to different clients.

**Demand for professional talent:** The development of internet and the broad application of new technologies have led to a substantial increase in the demand for professional talent with extensive experience in the property management industry, and certain valuable employees have been lost due to poor mechanisms for promotion and retention.

**Standardization of operations and management:** In light of a large number of employees engaged in the provision of basic property management services, property management companies have to standardize their services and operations to better control costs and ensure service quality. New players in the property management industry may have uncertainties with respect to these areas and thus face greater risks in business operations.

**Specialized brands:** It is challenging for new players in the property management industry to enlarge their market share because they either have no established brands and demonstration projects, or have less involvement in the formulation of service standards.

**Capital requirement:** Companies need to improve their management and operation efficiency by procuring technological products and equipment, developing smart communities and building a back-end IT platform. All of these require intensive capital investments, which will be a major obstacle for new players in the property management industry to develop their business due to limited capacity to access capital.

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## REGULATORY OVERVIEW

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This section sets out a summary of the most significant PRC laws and regulations that affect our business and the industry in which we operate.

### REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

The establishment, operation, and management of corporate entities in the PRC is governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress of the PRC (the "SCNPC") on December 29, 1993, and came into effect on July 1, 1994. The Company Law was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, and October 26, 2018. The Company Law generally governs two types of companies, namely limited liability companies and joint-stock limited companies, both of which have the status of legal persons, and the liability of shareholders of a limited liability company or a joint-stock limited company is limited to the amount of registered capital they have contributed. The Company Law shall also apply to foreign-invested companies in the form of limited liability company or joint-stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

On March 15, 2019, the National People's Congress (the "NPC") approved the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which came into effect on January 1, 2020 and replaced the Sino-Foreign Equity Joint Venture Enterprise Law of the People's Republic of China (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the People's Republic of China (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law of the People's Republic of China (《中華人民共和國外資企業法》), and became the legal foundation for foreign investment in the PRC. Under the Foreign Investment Law, the State shall implement the administration system of pre-entry national treatment and a negative list for foreign investments, and shall give national treatment to foreign investments beyond the Negative List.

The Implementing Regulation for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, provides implementing measures and detailed rules to ensure the effective implementation of the Foreign Investment Law of the PRC.

On December 30, 2019, the Ministry of Commerce of PRC (the "MOFCOM") and the State Administration for Market Regulation jointly promulgated the Measure for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020, and pursuant to which, the establishment of the foreign-invested enterprises, including establishment through purchasing the equities of a domestic non-foreign-invested enterprise or subscribe to the increased capital of a domestic non-foreign funded enterprise, and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

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The Provision on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》), which was promulgated by the State Council on February 11, 2002, and became effective on April 1, 2002, categorizes all foreign-invested projects into encouraged, permitted, restricted, and prohibited projects. Foreign investment projects that are not of the encouraged, restricted and prohibited categories belong to the permitted foreign investment projects.

The Special Administrative Measure (Negative List) for the Access of Foreign Investment (2020 Version) (《外商投資准入特別管理措施(負面清單)》(2020年版)) (the “**Negative List**”) was promulgated by the National Development and Reform Commission of PRC (the “**NDRC**”) and the MOFCOM on June 23, 2020 and became effective on July 23, 2020. The Catalogue of Industries for Encouraging Foreign Investment (2019 Version) (《鼓勵外商投資產業目錄》(2019年版)) (the “**Encouraging Catalogue**”), was promulgated by the NDRC and the MOFCOM on June 30, 2019, and became effective on July 30, 2019. According to the Negative List and the Encouraging Catalogue, the property management service does not fall into the encouraged, restricted, or prohibited categories and therefore it shall be classified as permitted foreign-invested projects.

### REGULATIONS ON PROPERTY MANAGEMENT SERVICE

On May 28, 2020, the National People’s Congress approved the Civil Code of the People’s Republic of China (《中華人民共和國民法典》) (the “**Civil Code**”), came into effect on January 1, 2021 and replaced the Property Law of the PRC (《中華人民共和國物權法》) (the “**Property Law**”), the Contract Law of the PRC (《中華人民共和國合同法》) and several other basic civil laws in the PRC. The Civil Code, which basically follows the current regulatory principles of property management industry, became the legal foundation for the property management services in the PRC. Prior to the effectiveness of the Civil Code, the Regulation on Property Management (《物業管理條例》) and the Property Law have laid down the basic legal framework for the property management industry in China.

#### Regulations on the Qualification of Property Management Companies

According to the Regulation on Property Management, which was promulgated by the State Council on June 8, 2003, came into effect on September 1, 2003, and was amended on August 26, 2007, February 6, 2016 and March 19, 2018, a system of joint incentive for honesty and joint punishment for dishonesty shall be improved in the supervision of property management enterprises by the State Council’s construction administration department together with other relevant departments, to strengthen the credit management of the industry.

According to the Measure for the Administration on Qualifications of Property Management Enterprises (《物業管理企業資質管理辦法》), which was promulgated by the Ministry of Construction on March 17, 2004, came into effect on May 1, 2004, was amended on November 26, 2007 and May 4, 2015, and was abolished on March 8, 2018, a system of qualification administration was once adopted and the qualifications of a property management enterprise were classified into first, second and third grades.

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

According to the Decision of the State Council on Cancelling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》), which was promulgated by the State Council on January 12, 2017, the examination and approval of second grade or lower qualifications of property management enterprises were cancelled. According to the Decision of the State Council on Cancelling a Group of Administrative Licensing Items (《國務院關於取消一批行政許可事項的決定》), which was promulgated by the State Council on September 22, 2017, the examination and approval of the first-grade qualification of property management enterprises were cancelled.

According to the Notice of the General Office of Ministry of Housing and Urban-Rural Development (the “MOHURD”) on Effectively Implementing the Work of Cancelling the Qualification Accreditation for Property Management Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》), which was promulgated by the General Office of the MOHURD on December 15, 2017, 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. The real estate administration department at and above the county level, together with other relevant departments, shall instruct and supervise the property management work, and the integrity management system of the property management industry will be established, the supervision of property management enterprises will be based on credit appraisal.

On March 19, 2018, the State Council promulgated the Decision of the State Council to Amend and Repeal Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) (Order of the State Council No. 698), according to which the Regulation on Property Management was further amended. The Regulation on Property Management (2018 Revision) (《物業管理條例》(2018年修正)) has removed all the qualification requirements for property management enterprises.

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### **Regulations on Appointing the Property Management Enterprise**

According to the Property Law, which was promulgated by the NPC on March 16, 2007, and came into effect on October 1, 2007 and was abolished on January 1, 2021, property owners can either manage the buildings and the ancillary facilities by themselves or entrust to a property management company or other managers. Property owners are entitled to replace the property management company or other managers employed by the developer. Property management companies or other managers should manage the buildings and the ancillary facilities within the building zone in accordance with the commission of the owners, subject to supervision by the owners.

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

According to the Regulation on Property Management, the selecting, employing and dismissing of property management enterprises shall be subject to the approval by owners who possess exclusive areas accounting for more than half of the total construction area of buildings and owners who account for more than half of the total number of owners. Before the engagement of a property management company by property owners or the property owners' general meeting, a written preliminary service contract should be entered into between the construction entity (for example, a property developer) and the selected property management company. A sales contract concluded by the construction entity and the realty buyer shall include the contents stipulated in the preliminary service contract. The preliminary service contract will be terminated upon the coming into effect of a property management contract entered into between the property owners' committee and the property management company or the expiration date agreed in the contract.

According to the Civil Code, a quorum for the general meeting of the property owners to engage or dismiss a property management enterprise shall consist of the property owners who holding more than two-thirds of exclusive areas and representing more than two-thirds of the total number of property owners and shall have affirmative votes of property owners who participate in the voting and hold more than half of the exclusive area owned by the voting owners and who represent more than half of the total number of property owners participating in voting. In addition, the Civil Code clarifies that if property owners do not renew the property management contract or engage a new property service provider upon expiration of the term of property management services and the property service provider continues to provide property services, the original property service contract shall continue to be valid without a fixed term. Each party may rescind the contract by sixty days' advance written notice to the other parties.



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According to the Interim Measure for Bid-Inviting and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》), which was promulgated by the Ministry of Construction on June 26, 2003, and came into effect on September 1, 2003, the construction entity of any residential and the non-residential buildings in the same property management area shall select the property management enterprises with the corresponding qualification through bid-invitation and bidding. In cases where there are no more than three bidders or the residence scale is relatively small, the construction entity may appoint the property management enterprise through agreement upon approval by the administrative department of real estate of the people's government of the place where the property is located. For projects of newly built and currently marketable commodity housing, the bid-invitation and the bidding shall be completed within 30 days before they are put on sale. For projects of presale commodity housing, the bid-invitation and bidding shall be completed before the acquisition of License for Presale of Commodity Housing (商品房預售許可證). For projects of newly built real estates that are not for sale, the bid-invitation and bidding shall be completed within 90 days before they are delivered for use.

### **Latest policy of Residential Property Management**

The Notice on Reinforcement and Improvement of Residential Property Management (《關於加強和改進住宅物業管理工作的通知》), which was issued by the MOHURD, the Political and Legal Committee of the CPC Central Committee, the Central Steering Committee for the Construction of Spiritual Civilization, the National Development and Reform Commission, the Ministry of Public Security, the Ministry of Finance, the Ministry of Human Resources and Social Security, the Ministry of Emergency Management, the State Administration of Market Supervision and Administration, and the China Banking and Insurance Regulatory Commission and became effective on December 25, 2020. The main points of these provisions are as follows:

During the period of response to public emergencies, delegating property management enterprises to undertake public service matters, the street units should pay the corresponding fees to the property management enterprises.

Guide property owners' committees to select and hire property management enterprises through public bidding. The property owners' committee should annually disclose the information of the operation and revenue of property owners' common parts, the use of maintenance funds, funding expenditures and others to the property owners to protect their right to know and supervise.

Property management enterprises to carry out endowment service, housekeeping service and other life service business, can apply for the corresponding preferential support in accordance with policies but should also publicize the charged service fees, agreed in the contract between both parties.

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### Regulations on the fees charged by Property Management Enterprise

According to the Administrative Measure for Property Service Charges (《物業服務收費管理辦法》), which was jointly promulgated by the NDRC and the Ministry of Construction on November 13, 2003, and came into effect on January 1, 2004, property management enterprises are permitted to charge property service fees from property owners for repairing, maintaining and managing houses as well as ancillary facilities, equipment, and relevant sites, and ensuring the sanitation and order of relevant areas according to property management contracts. In addition, property service charges shall be reasonable, transparent, and suitable for the level of services offered, and shall take into account the unique nature and characteristics of different property and be priced under the government's guidance and market regulation respectively. Specific pricing rules shall be determined by competent price departments under the people's governments of all provinces, autonomous regions, and municipalities directly under the Central Government, in concert with the competent departments of real estate.

Pursuant to the Administrative Measure for Property Service Charges, as agreed between the property owners and the property management enterprise, the fees for property management services can be charged either as a lump sum of all property management fees collected (包幹制), in which case property owners pay fixed property management fees to the property management enterprise who shall enjoy or assume all the profits or losses as its own risk, or a fixed percentage of property management fees collected (酬金制), in which case the property management enterprise may collect its service fees 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 shortage. Property management enterprises shall, pursuant to the applicable rules of the competent price departments under governments, clearly mark the prices of property services, and publish in a prominent position in areas under their management information about services, criteria of services, charging items, charging criteria, etc.

According to the Regulation on Property Management Service Charges with Clear Price Tag (《物業服務收費明碼標價規定》), which was jointly promulgated by the NDRC and the Ministry of Construction on July 19, 2004, and came into effect on October 1, 2004, property management enterprises, during their provision of services to the property owners (including the property service as stipulated in the property management contract as well as other services requested by property owners), shall charge service fees at explicitly marked prices, and display their service items, charging standards, and other related contents. In case there's any change to the pricing standard, the property management enterprise shall adjust the related content displayed and indicate the execution date of new standards one month prior to the implementation of the new standards.



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According to the Measure on Supervision and Examination over Pricing Cost of Property Management Services (Trial) (《物業服務定價成本監審辦法(試行)》), which was jointly promulgated by the NDRC and the Ministry of Construction on September 10, 2007, and came into effect on October 1, 2007, the pricing cost of property management services should be the social average cost of property services as verified by the competent price administration department of the people's government. The supervision and examination of the pricing costs of property services shall be organized and implemented by the government departments in charge of prices, and the competent property administration departments shall cooperate with the departments in charge of prices in their work. The pricing costs of property services should be composed of staff costs, the daily operation and maintenance costs of the common areas and facilities of the property, gardening maintenance costs, sanitation and hygiene costs, security maintenance costs, insurance costs for the common areas and facilities (including liability insurance), office expenses, the management costs apportionment, the depreciation of fixed assets, and other costs agreed to by the property owners. The assessment of the pricing cost of property services should base on the annual financial and accounting reports audited by the certified public accounting firm, source documents, account books, or the authentic, complete, and valid cost materials provided by the property management enterprise.

According to the Circular of the NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展改革委關於放開部分服務價格意見的通知》), which was promulgated by the NDRC on December 17, 2014, and came into effect on the same date, the competent price departments of all provinces, autonomous regions, and municipalities shall perform procedures to liberalize the prices of the following types of services which have possessed competitive conditions (i) property services of non-government-supported houses, including fees charged by a property management enterprise from property owners for the maintenance, conservation and management of non-government supported houses, the supporting facilities and equipment, and the relevant sites thereof, activities of maintaining the environment, sanitation, and relevant order inside the property management regions, and other actions completed in accordance with the agreement of the property service contract, upon the commission of the property owners. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for charges of the property management for government-supported houses, houses under housing reform, old residence communities, and preliminary property management services in light of the actual situation. If the charges of property services for government-supported houses are decontrolled and subject to market-regulated prices, the affordability of the supported subjects shall be considered and the subsidy mechanism shall be established; (ii) parking services in residential communities. According to the parking service contracts as entrusted by property owners, fees charged by property management service providers or parking service companies from property owners or users for the management of parking spaces and parking facilities.

On December 15, 2015, the NDRC, the MOHURD and the Ministry of Transport of the PRC jointly issued the Guiding Opinions on Further Improving the Policies for Motor Vehicle Parking Service Charge (《關於進一步完善機動車停放服務收費政策的指導意見》), aiming to

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improve a parking service charge mechanism with the price mainly determined by the market, to promote a more systemized and scientific government pricing administrative system, to regulate the parking service charge and perfect the supporting supervision measures.

On December 25, 2003, the Price Bureau and the Construction Department of Sichuan Province jointly issued the Detailed rules for the administration of property service charges in Sichuan Province (《四川省物業服務收費管理細則》). Fees for property services shall be based on the nature and characteristics of different properties and shall be subject to government-guided prices and market-adjusted prices respectively. The government-guided price shall be applied to the property service charge of the ordinary residence, and the market-regulated price shall be applied to the property service charge of the non-ordinary residence. The scope of ordinary residences shall be determined by each city or autonomous prefecture and reported to the provincial construction administrative department for the record.

### **Property Management Service Outsourcing**

In accordance with the Regulation on Property Management, a property management enterprise may outsource a specific service within the property management area to a specialized service enterprise, but it shall not outsource all the property management businesses within such area to third parties.

### **Judicial Interpretation**

According to the Interpretation of the Supreme People's Court on Several Issues Concerning the Specific Application of Law in Hearing Cases of Property Management Service Disputes (《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》), which was promulgated by the Supreme People's Court on May 15, 2009, and came into effect on October 1, 2009 and was amended on December 29, 2020, the court shall support when a property management enterprise appeal for the court to request property owners bear corresponding civil liabilities of ceasing to infringing act, exclusion of hindrance, restitution of the original state and etc, if property owners violate property service contract or laws, regulations, management protocol, interfering with property service and management.

The court shall support when property owner raises a plea on the ground of illicit charges because the property management enterprise, in breach of the property service contract or violation of laws, regulations or departmental rules, extends the scope of charging, raises the charging rate, or makes duplicate charging on its own accord.

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### REGULATIONS ON OUR OTHER BUSINESSES

#### 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 was issued by the SCNPC 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. A real estate intermediate agency shall meet the following conditions (i) has its own name and organization; (ii) has a fixed business site; (iii) has the necessary assets and funds; (iv) has a sufficient number of professionals; and (v) has other conditions specified by laws and administrative regulations.

According to the Administrative Measure for Real Estate Brokerage (《房地產經紀管理辦法》) issued by the MOHURD, the NDRC and the 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, the real estate brokerage refers to the acts of providing intermediary, agency and other services and collecting commissions from clients by real estate brokerage institutions and real estate brokers to promote real estate transactions. The establishment of a real estate brokerage institution or a branch of a real estate brokerage institution shall require enough number of real estate brokers, who is engaging in real estate brokerage activities. Furthermore, a real estate brokerage agency and its branches shall, within 30 days from the date of receiving the business license, go through the filing formalities with the competent construction (real estate) authorities.

#### Security and Guarding Services

According to the Regulation on the Administration of Security and Guarding Services (《保安服務管理條例》) (the “**Order of State Council No. 564**”), which was promulgated by the State Council on October 13, 2009 and became effective on January 1, 2010, guard, patrolling, order maintenance and other services in a property management region conducting by the personnel who are recruited by a property service entity is one of the security service. An entity recruiting security guards by itself shall, within 30 days after the start of security and guarding services, file with the public security organ of the people’s government of the local districted city with the following materials (i) a certificate on the legal person status; (ii) basic information about the legal representative (chief person in charge), the divisional person in charge and the security guards; (iii) basic information about the security and guarding service area; and (iv) information about the establishment of security and guarding service management system, accountability system, and security guard management system. Where such an entity no longer recruits security guards for security and guarding services, it shall, within 30 days from the date of termination of the security and guarding services, cancel the filing of service in the original public security organ.

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### **Fire Protection**

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

### **Regulations On Internet Informations Services**

#### *Internet Information Services*

According to the Administrative Measure on the 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, the Internet information service refers to the provision of information through the Internet to web users, and the Internet information service is divided into two categories: the profitable and the non-profitable Internet information service. The profitable Internet information service refers to the provision with the charge of payment of information through the Internet to web users or web page designing, etc. The non-profitable Internet information service, on the other hand, refers to the provision free of charge of public, commonly-shared information through the Internet to web users. Furthermore, an entity engaged in providing the profitable Internet information service shall apply for a license for value-added telecommunication services from telecommunications administrative authorities. As for the operation of non-profitable Internet information services, the record-filing is required. The Internet information service providers shall provide services within the scope of their licenses or filing. Non-profitable internet information service providers shall not provide services with the charge of payment. In case the Internet information service providers change their services, website address, etc., they shall submit such changes within 30 days in advance at the original approving authorities or record-filing authorities.

#### *Mobile Internet Application Information Services*

According to the Provision on Administration of the Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》), which was issued by the Cyberspace Administration of China (國家互聯網信息辦公室) (the “CAC”) on June 28, 2016, and came into effect on August 1, 2016, entities providing information services through the mobile Internet applications shall obtain relevant qualifications according to law. The mobile Internet application providers and the Internet application store providers shall not use the mobile Internet applications to carry out illegal activities that endanger national security, disturb public order, and infringe upon others’ legal rights and interests, or use the mobile Internet applications to produce, copy, issue, and spread illegal information prohibited by laws and regulations. In addition, the CAC shall be responsible for the supervision and administration of information on mobile Internet applications. The local cyberspace administrative authorities shall be responsible for the supervision and administration of information on the mobile Internet applications within the administrative regions.

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### *Safety and Protection of Personal Information*

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

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

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Information Protection on Networks (《關於加強網絡信息保護的決定》) to enhance the protection of information security and privacy on the Internet. On July 16, 2013, the Ministry of Industry and Information Technology (the “MIIT”) promulgated the Provisions on Protection of Personal Information of Telecommunication and the Internet Users (《電信和互聯網用戶個人信息保護規定》), which became effective on September 1, 2013, to regulate the collection and use of personal information of users in the provision of telecommunication services and Internet information services.

According to the Several Provisions on Regulating the Market Order of the Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) (the “Provisions”), which was promulgated by the MIIT on December 29, 2011, and came into effect on March 15, 2012, without the consent of users, the Internet information service providers shall neither collect information which is relevant to users and can be served to identify users solely or in combination with other information (the “personal information of users”) nor provide personal information of users to others, unless otherwise provided by laws and administrative regulations. The Provisions also require that the Internet information service providers shall properly preserve the personal information of users.

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## REGULATORY OVERVIEW

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### *Judicial Interpretation*

On May 8, 2017, the Supreme People’s Court and the Supreme People’s Procuratorate jointly released the Interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in Handling of Criminal Cases Involving Infringement of Citizens’ Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the “**Interpretations**”), which became effective on 1 June 2017. The Interpretations clarify several concepts regarding the crime of “infringement of citizens’ personal information”, which was prescribed in Article 253 of the Criminal Law of the PRC (《中華人民共和國刑法》), including the definition of “citizen’s personal information”, “provision of citizens’ personal information”, and “unlawful acquisition of citizens’ personal information by other means”. In addition, the Interpretations specify the standards for determining “serious circumstances” and “particularly serious circumstances” of such crime.

### **Food Business Operations**

According to the Food Safety Law of the PRC (Amended in 2018) (《中華人民共和國食品安全法(2018修正)》) (issued by the SCNPC, taking effect on June 1, 2009, and amended on April 24, 2015 and December 29, 2018) and the Administrative Measures for Food Operation Licensing (Amended in 2017) (《食品經營許可管理辦法(2017修正)》) (issued by the China Food and Drug Administration, taking effect on October 1, 2015 and amended on November 17, 2017), the food business operators shall obtain the food business operation license, establish strict food safety standards and food safety management systems, provide employees with training on food safety knowledge, strengthen food inspections, establish employee health management systems and be responsible for the safety of the food they sell.

## **REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE**

### **The Labor Contract Law**

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994, becoming effect on January 1, 1995, and amended on August 27, 2009, and December 29, 2018, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, becoming effect on January 1, 2008, and amended on December 28, 2012, and effective from July 1, 2013, and the Regulation on the Implementation of the Labor Contract Law (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and came into effect on September 18, 2008, labor relationship between employers and employees must be executed in written form. Where a labor relationship has already been established but no formal contract has been made, a written labor contract shall be entered into within one month from the date when the employee begins to work. In addition, wages may not be lower than the local minimum wage standard. Employers must establish a system for labor safety and sanitation, strictly abide by State standards, and educate the employees in labor safety and sanitation. Employees are also required to work in safe and sanitary conditions.



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## REGULATORY OVERVIEW

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### Social Insurance and Housing Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, and came into effect on July 1, 2011, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which came into effect on January 22, 1999 and was amended on March 24, 2019, the Regulation on Work-Related Injury Insurance (《工傷保險條例》) implemented on January 1, 2004, and amended on December 20, 2010, and the Regulation on Unemployment Insurance (《失業保險條例》), which was promulgated on January 22, 1999, and the Measure for Trial Implementation on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the employer shall 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-related injury insurance and maternity insurance contributions shall only be paid 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 prescribed time limit, 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 prescribed time limit, the relevant administrative authorities shall impose a fine ranging from one to three times the outstanding amount.

According to the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) (the “**Regulation on Housing Provident Fund**”), which was promulgated by the State Council and became effective on April 3, 1999, and was amended on March 24, 2002, and March 24, 2019, enterprises in the PRC must register with the competent managing center for housing provident funds and upon the examination by such center, these enterprises shall complete procedures for opening an account at the bank for the deposit of employees’ housing provident funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner. Employers that violate the Regulation on Housing Provident Fund and fail to process housing provident fund payments or deposit registrations or fail to open housing provident fund accounts for their employees with the housing fund administration center within a designated period are subject to a fine ranging from RMB10,000 to RMB50,000.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council of the PRC on July 20, 2018, from January 1, 2019, all the social insurance premiums, including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, are collected by the tax authorities. According to the Notice by the General Office of the State Administration of Taxation on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady and Orderly Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》), which was promulgated on September 13, 2018,

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## REGULATORY OVERVIEW

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and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Insurance Premiums (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》), which was promulgated on September 21, 2018, all the local authorities responsible for the collection of social insurance premiums are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. In addition, the Notice of the State Administration of Taxation on Implementing Measures on Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》), which was promulgated on November 16, 2018, repeats that tax authorities at all levels shall not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

To reduce the impact of the COVID-19 pandemic on enterprises, governments in many regions have issued policies to gradually reduce and exempt social insurance contributions. According to Detailed Rules For Implementation of Reduction and Exemption for a period of Enterprise Social Insurance Premium in Chengdu (《成都市階段性減免企業社會保險費實施細則》), which was issued by Chengdu Bureau of Human Resources and Social Security on March 18, 2020, From February 2020 to June 2020, the Municipal Social Security Bureau will, according to the types of insured units, uniformly check and approve the payment amount of three social insurance premiums of the insured units in the whole city, and the payment part of the units will not be collected, if the insured units belong to small, medium-sized and micro enterprises and individual industrial and commercial households.

## REGULATIONS ON INTELLECTUAL PROPERTY

### Trademarks

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”), which was promulgated by the SCNPC on August 23, 1982, and subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013, and April 23, 2019, as well as the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) (the “**Implementation Regulation**”) promulgated by the State Council on August 3, 2002, and amended on April 29, 2014. According to the Trademark Law and the Implementation Regulation, the Trademark Office of National Intellectual Property Administration (國家知識產權局商標局) (the “**Trademark Office**”) handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. In addition, under the Trademark Law, the trademark registrant may license its registered trademark to another party by entering into a trademark licensing agreement. The trademark licensing agreements must be filed with the Trademark Office to be recorded, while the non-filing of the licensing of a trademark shall not be used as a defense against a good faith third-party. The licensor shall supervise the quality of the commodities on which the licensee uses the registered trademark, and the licensee shall guarantee the quality of such commodities.



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## REGULATORY OVERVIEW

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### Domain Names

Internet domain name registration and related matters are primarily regulated by the Measure on Administration of the Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017, and took effect on November 1, 2017, and the Implementation Rules of National Top Level Domain Name Registration (《國家頂級域名註冊實施細則》), which was promulgated by the China Internet Network Information Center on June 18, 2019. Domain name owners are required to register their domain names and the MIIT is in charge of the administration of the PRC Internet domain names. The domain name registration services follow a “first-to-file” principle. Applicants for registration of domain names shall provide their true, accurate, and complete information about the domain name holder’s identity to domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

### Computer Software

Computer software and related matters are primarily regulated by Regulations on the Protection of Computer Software (《計算機軟件保護條例》), which was promulgated by the State Council on January 30, 2013, and took effect on March 1, 2013 and Measures for Registration of Computer Software Copyright (《計算機軟件著作權法登記辦法》), which was promulgated by the National Copyright Administration of the PRC on February 20, 2002, and became effective on the same day, the administrative authorities of copyright of the State encourage the registration of software copyright, and give emphasized protection to the registered software.

## REGULATIONS ON TAXATION

### Enterprise Income Tax

According to the Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the “EIT Law”), which was promulgated by the NPC on March 16, 2007, and became effective on January 1, 2008, and amended on February 24, 2017, and December 29, 2018, and the Implementing Regulation of the Enterprise Income Tax of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council on December 6, 2007, and became effective on January 1, 2008, and was amended on April 23, 2019, the enterprise income tax rate shall be 25% and such tax rate shall be applied to domestic enterprises and foreign-invested enterprises. Pursuant to the EIT Law, enterprises are classified as “resident enterprises” and “non-resident enterprises”. Resident enterprises typically pay an enterprise income tax at the rate of 25%. Non-resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%, however, enterprises established under the laws of foreign countries or regions whose “de facto management bodies” are located in the PRC are considered as resident enterprises and will generally be subject to enterprise income tax at the rate of 25% of their global income. The Implementing Regulation of the Enterprise Income Tax further defines “de

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## REGULATORY OVERVIEW

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facto management bodies” as “establishments that carry out substantial and overall management and control over production, operations, personnel, accounting, properties and other aspects” of the enterprises.

In accordance with the Notice on Issues Concerning Relevant Tax Policies in Deepening the Implementation of the Western China Development Strategy (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) which went into effect on January 1, 2011, for enterprises in the western China engaging in encouraged industries, a 15% preferential income tax rate shall apply.

### Dividends Withholding Tax

According to the EIT Law and its Implementation Regulation, dividends paid by foreign-invested companies to their foreign investors that are non-resident enterprises as defined under the law are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income and 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》) (the “**Double Tax Avoidance Arrangement**”) promulgated on August 21, 2006, and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007, and in mainland China to any year commencing on or after January 1, 2007, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the Double Tax Avoidance Arrangement, the withholding tax rate on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% or less. However, based on the Notice of the State Administration of Taxation on Certain Issues Concerning the Enforcement of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated and took into effect on February 20, 2009, by the State Administration of Taxation (the “**SAT**”), if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to an arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

According to the Announcement on Issues Concerning “Beneficial Owners” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), which was promulgated by the SAT on February 3, 2018, and came into effect on April 1, 2018, a comprehensive analysis will be used to determine a beneficial owner based on the actual situation of a specific case combined with certain principles, and such as if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management, and other activities, the applicant was unlikely to be recognized as a beneficial owner to enjoy tax treaty benefits.

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## REGULATORY OVERVIEW

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### Value-added Tax

According to the Provisional Regulation on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993, and came into effect on January 1, 1994, and was amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the Implementing Rules for the Provisional Regulation 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》), which was promulgated by Ministry of Finance on December 25, 1993, and amended on December 15, 2008 and October 28, 2011, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, and the sale of services, intangible assets, real property and importing goods are required to pay value-added tax.

### REGULATIONS ON FOREIGN CURRENCY EXCHANGE

According to the Administrative Regulation on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996, became effective on April 1, 1996, and last amended on August 5, 2008, RMB is freely convertible for payments of current items such as trade and service-related foreign exchange transactions and dividend payments. However, RMB is not freely convertible for capital items, such as direct investment, loans, or investments in securities outside the PRC unless the approval of the State Administration of Foreign Exchange (the “SAFE”) or its local counterparts.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**Circular 19**”), which took into effect on June 1, 2015. The SAFE further promulgated the Circular 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》) (the “**Circular 16**”) on June 9, 2016, which amended certain provisions of the Circular 19. According to the Circular 19 and the Circular 16, the flow and usage of the RMB capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated. Such RMB capital of the domestic institution may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of the Circular 19 or the Circular 16 could result in administrative penalties.

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

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## REGULATORY OVERVIEW

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On January 26, 2017, the SAFE promulgated the Circular on Improving the Examination of Authenticity and Compliance to Further Promote the Reform of Foreign Exchange (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) (the “**Circular 3**”), which continues implementing and improving polices on the administration of the remittance of foreign exchange profit from direct investment, when profits of a domestic institution equivalent to more than USD50,000 (exclusive) remitted by banks, they shall examine board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements, and domestic entities shall cover losses in the previous years before remitting the profits. Moreover, according to the Circular 3, domestic entities shall make detailed explanations of the sources of capital and the usage of funds (use plan) to the banks, and provide board resolutions, contracts, and other proof when completing the registration procedures of outbound investment.

### **SAFE Circular 37**

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”) on July 4, 2014. The SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in the SAFE Circular 37 as a “special purpose vehicle”. The SAFE Circular 37 further requires amendment to the registration in the events of any significant changes with respect to the special purpose vehicles, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material events. Failure to comply with the various SAFE registration requirements described above could result in liability under the PRC law for evasion of foreign exchange controls.

On February 13, 2015, SAFE released the Circular 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 “**SAFE Circular 13**”), which became effective from June 1, 2015. According to the SAFE Circular 13, local banks shall directly examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration.

### **REGULATIONS ON M&A**

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the China securities regulatory commission, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”), a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and revised on June 22, 2009. According to Article 2 of the M&A Rules, “merger and acquisition of domestic enterprises by foreign investors” referred to in the M&A Rules shall mean that a

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## REGULATORY OVERVIEW

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foreign investor purchases the equity interest of a shareholder in a domestic non-foreign-invested enterprise (“domestic company”) or subscribes for increased capital of a domestic company so as to convert such domestic company into a foreign-invested enterprise (“merger and acquisition of equity interest”); or, a foreign investor establishes a foreign-invested enterprise, through which it purchases and operates the assets of a domestic enterprise by agreement, or, a foreign investor purchases the assets of a domestic enterprise by agreement and then invests such assets to establish a foreign-invested enterprise and operates the assets (“merger and acquisition of assets”). According to Article 11 of the M&A Rules, the merger and acquisition of a domestic company with a related party relationship by a domestic company, enterprise or individual in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or individual shall be subject to examination and approval by MOFCOM. The parties involved shall not use domestic investment by foreign-invested enterprises or other methods to circumvent the aforesaid requirements.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### OVERVIEW

We started to provide property management services back in 2010, when New Hope Service, one of the major operating subsidiaries of our Company, was established and later became the intermediate holding company of our operating subsidiaries in the PRC and the centralized management platform for our operations. Our business operation orients in Chengdu-Chongqing urban agglomeration and we have subsequently expanded our geographic coverage to Shanghai, Suzhou, Wenzhou, Dalian, and other first-tier cities, new first-tier cities and second-tier cities across China.

Over the last ten years, we have significantly grown our business and operations. To date, our full spectrum service offering includes property management services, value-added services to non-property owners, commercial operational services and lifestyle services. We were ranked 39th among the Top 100 Property Management Companies in China in terms of Overall Strength by EH Consulting in 2020. We provided property management services to 65 property projects (including residential and non-residential properties) with an aggregated GFA under management of approximately 10.2 million sq.m. across the PRC as of December 31, 2020.

Over the years, Mr. Liu and Ms. Liu Chang, our Ultimate Controlling Shareholders, have not served as directors of our Company or any member of our Group and have not been involved in the daily operations and management of our Group. Our Ultimate Controlling Shareholders had entrusted it to our Directors and senior management given the past successful achievements in the management of our operation. To the best knowledge of our Directors, there are no fact and circumstances that may render our Ultimate Controlling Shareholders unsuitable to act as directors. In addition to the business of our Group, our Ultimate Controlling Shareholders have investments in a wide variety of industries including feed production, production and sales of dairy products, environmental protection, medical and healthcare, banking services and property development and our Ultimate Controlling Shareholders hold various directorships in the aforementioned businesses. See “Relationship with Controlling Shareholders—Delineation of Business” for details.

### KEY MILESTONES

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

| <b>Year</b> | <b>Event</b>  |
|-------------|---|
| 2010        | New Hope Service, formerly known as Sichuan Dingsheng Property Service Group Co., Ltd. (四川鼎晟物業服務集團有限公司), was established and nominated as a standing executive member of Sichuan Real Estate Association (四川省房地產業協會).<br><br>We started providing property management services to properties developed by New Hope Property Group in Chengdu. |

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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| Year | Event  |
|------|--|
| 2014 | <p>We were accredited ISO9001 quality management system certification for office buildings and residential properties.</p> <p>We expanded to provide standardized and professional property management services to both residential and non-residential properties.</p> <p>We established our business presence in Wenzhou.</p>  |
| 2016 | <p>We began providing property management services in first-tier cities including Shanghai to gain market share in the Eastern China Region and the Northern China region, respectively.</p>   |
| 2017 | <p>New Hope Commercial was established for the provision of commercial operational services.</p>   |
| 2019 | <p>We adopted new brand of “New Hope Service (新希望服務)”.</p> <p>We started providing commercial operational services to our first shopping mall project, Wenzhou New Hope Liti City Shopping Center (溫州新希望•立體城).</p> <p>We were awarded the 2019 Model Enterprise Award for Service Providers (中國服務示範企業獎) by Golden Key China (中國金鑰匙).</p> <p>We were recognized as the 2019 Potential Property Management Unicorn Company (2019物業服務企業潛力獨角獸) jointly by China Property Management Association and Shanghai Yiju Real Estate Research Institute China Real Estate Evaluation Center (中國物業管理協會,上海易居房地產研究院中國房地產評測中心).</p> |
| 2020 | <p>We were ranked 39th among the 2020 Top 100 Property Management Companies in China in terms of Overall Strength (2020年中國物業企業綜合實力百強) by EH Consulting.</p> <p>Our aggregated GFA under management reached 10 million sq.m.</p>  |



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### OUR CORPORATE DEVELOPMENTS

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on November 5, 2020, and became the holding company and listing vehicle of our Group upon completion of the Reorganization. See “—Reorganization” below for details.

### Our Principal Operating Subsidiaries in the PRC

We carry out our business through various subsidiaries in the PRC. Our principal operating subsidiaries comprise major holding companies and/or subsidiaries which contributed a substantial amount of our Group’s revenue and profit during the Track Record Period. Details of the major corporate developments including major shareholding changes of our principal operating subsidiaries in the PRC are set out below.

#### *New Hope Service*

New Hope Service (formerly known as Sichuan Dingsheng Property Service Group Co., Ltd. (四川鼎晟物業服務集團有限公司)) was established in the PRC as a limited liability company on January 26, 2010 with an initial registered capital of RMB5 million. As of the date of its establishment, New Hope Service was owned as to 80% by Sichuan New Hope Southern Real Estate Development Co., Ltd. (四川新希望南方房地產開發有限公司), a then wholly-owned subsidiary of New Hope Property, and 20% by New Hope Property. New Hope Service is principally engaged in the provision of property management services.

On January 7, 2011, New Hope Property acquired 80% of the equity interest in New Hope Service from Sichuan New Hope Southern Real Estate Development Co., Ltd. at a consideration of RMB4 million, which was determined after arm’s length negotiations with reference to the then paid-up registered capital of New Hope Service. Upon completion of such equity interest transfer, New Hope Service was wholly owned by New Hope Property.

On May 21, 2018, the registered capital of New Hope Service was increased to RMB50 million.

In order to incentivize our staff and recognize core employees’ values, an employee benefit scheme was approved by the shareholder of New Hope Service in October 2018. To facilitate the implementation of the employee benefit scheme, Chengdu Yunjing Guanlan Enterprise Management Co., Ltd. (成都雲璟觀瀾企業管理有限公司) (“**Yunjing Guanlan**”) was established on November 4, 2019. As of the Latest Practicable Date, Yunjing Guanlan was owned as to 32% by Mr. Zhang Minggui, 24% by Ms. Chen Jing, 19% by Ms. Wu Min, 12.5% by Mr. Jiang Mengjun and 12.5% Ms. Huang Kun, respectively. Pursuant to the employee benefit scheme, on May 9, 2020, Yunjing Guanlan held 6.2% of the equity interest in New Hope Service by way of capital injection in the amount of approximately RMB7.4 million (of which RMB3.3 million was credited to the registered capital of New Hope Service and RMB4.1 million to the capital reserve). The amount of capital injection was determined with



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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reference to the net asset value of New Hope Service as of June 30, 2018 of approximately RMB70.6 million and taking into account the business development prospect of New Hope Service. Such consideration was fully settled on December 15, 2020. To the best of our Directors' knowledge, information and belief, the consideration was funded by Mr. Zhang Minggui, Ms. Chen Jing, Ms. Wu Min, Mr. Jiang Mengjun and Ms. Huang Kun in proportion to their respective equity interests in Yunjing Guanlan using their own personal wealth. Upon completion of such capital injection, the registered capital of New Hope Service was increased from RMB50.0 million to approximately RMB53.3 million, and New Hope Service was owned as to 93.8% by New Hope Property and 6.2% by Yunjing Guanlan.

On May 25, 2020, New Hope Property transferred 3% of the equity interest in New Hope Service to Tidal Investment at a consideration of US\$359,200. The consideration was determined after arm's length negotiations with reference to the valuation of New Hope Service as of April 30, 2020 as appraised by an independent valuer and fully settled on December 25, 2020. Upon completion of such transfer, New Hope Service was owned as to 90.8% by New Hope Property, 6.2% by Yunjing Guanlan and 3% by Tidal Investment. See “—Pre-IPO Investment” below for details.

### *New Hope Commercial*

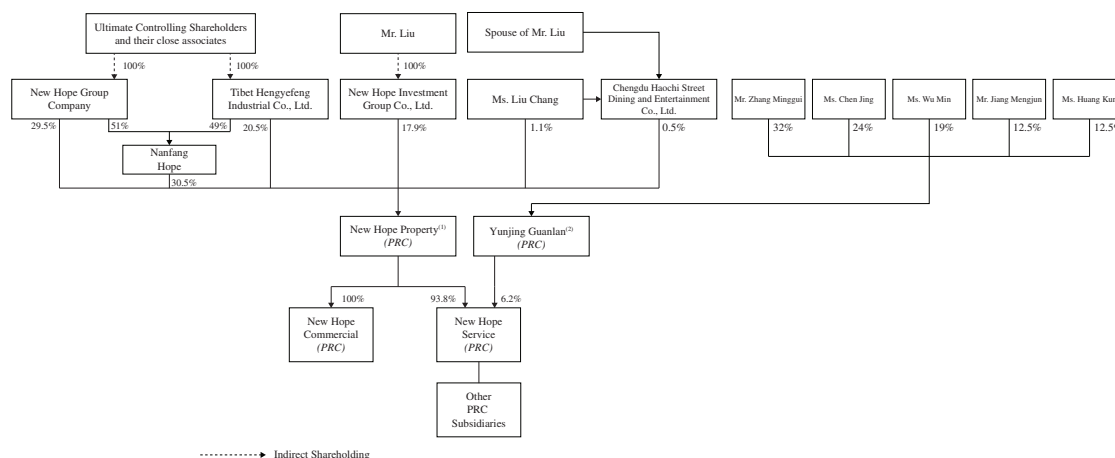
New Hope Commercial was established in the PRC as a limited liability company on March 1, 2017 with an initial registered capital of RMB2 million. As of the date of its establishment, New Hope Commercial was wholly owned by New Hope Property. New Hope Commercial is principally engaged in the provision of commercial operational services.

As part of the Reorganization, on August 31, 2020, New Hope Property agreed to transfer the entire equity interest of New Hope Commercial to New Hope Service at a consideration of approximately RMB79.35 million, which was determined after arm's length negotiations with reference to the valuation of New Hope Commercial as of July 31, 2020 as appraised by an independent valuer. Upon completion of such equity interest transfer, New Hope Commercial was wholly owned by New Hope Service. See “—Reorganization—3. Reorganization of PRC subsidiaries” below for details.

# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

## REORGANIZATION

The following chart sets forth our simplified corporate structure before the Reorganization:



### Notes:

- As of the Latest Practicable Date, New Hope Property was held as to 30.5% by Nanfang Hope, 29.5% by New Hope Group Company, 20.5% by Tibet Hengyefeng Industrial Co., Ltd. (西藏恒業峰實業有限公司), 17.9% by New Hope Investment Group Co., Ltd. (新希望投資集團有限公司), 1.1% by Ms. Liu Chang and 0.5% by Chengdu Haochi Street Dining and Entertainment Co., Ltd. (成都好吃街餐飲娛樂有限公司), of which (i) Nanfang Hope was held as to 51% by New Hope Group Company and 49% by Tibet Hengyefeng Industrial Co., Ltd; (ii) New Hope Group Company was directly and indirectly wholly owned by our Ultimate Controlling Shareholders and their close associate; (iii) Tibet Hengyefeng Industrial Co., Ltd. was indirectly wholly owned by our Ultimate Controlling Shareholders and their close associate; (iv) New Hope Investment Group Co., Ltd. was indirectly wholly owned by Mr. Liu; and (v) Chengdu Haochi Street Dining and Entertainment Co., Ltd. was owned by Ms. Liu Chang and the spouse of Mr. Liu.
- As of the Latest Practicable Date, Yunjing Guanlan was owned as to 32% by Mr. Zhang Minggui, 24% by Ms. Chen Jing, 19% by Ms. Wu Min, 12.5% by Mr. Jiang Mengjun and 12.5% Ms. Huang Kun, respectively.

In preparation for the Listing, the following steps were implemented to establish our Group:

### 1. Incorporation of our Company

On November 5, 2020, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As of the date of incorporation, the authorized share capital of our Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon incorporation, one Share was allotted and issued to the initial subscriber, an Independent Third Party. On the same date, such Share was transferred to Golden Rose and our

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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Company further allotted and issued 99 Shares to Golden Rose, following which our Company became wholly owned by Golden Rose. Golden Rose is wholly owned by New Prosperity, which is in turn indirectly wholly owned by the trustee of the Cathaya Trust through a holding vehicle.

On January 8, 2021, 8,980 Shares and 620 Shares were allotted and issued to Golden Rose and New Voyage at the consideration equivalent to RMB107,740,100 and RMB7,356,700, respectively. Upon completion of such issue and allotment, our Company was owned as to 93.6% by Golden Rose and 6.4% by New Voyage. New Voyage is wholly owned by TMF Trust (HK) Limited, the trustee of the Employee Benefit Trust through a special purpose holding vehicle. The Employee Benefit Trust is a discretionary trust ultimately for the benefit of Mr. Zhang Minggui, Ms. Chen Jing, Ms. Wu Min, Mr. Jiang Mengjun and Ms. Huang Kun and any employees to be named by the advisory committee of the Employee Benefit Trust from time to time. As of the Latest Practicable Date, Ms. Wu Min, our executive Director, and Mr. Zhang Minggui and Ms. Huang Kun, our non-executive Directors, were the members of the advisory committee of the Employee Benefit Trust. The issue and allotment of 620 Shares to New Voyage was part of our Reorganization for the purpose of reflecting the 6.2% equity interest held by the beneficiaries of the Employee Benefit Trust through Yunjing Guanlan in New Hope Service. The Shares held by the Employee Benefit Trust through New Voyage will not be considered as part of the public float.

### 2. Incorporation of offshore holding companies

New Brilliance Development Limited (新輝發展有限公司) (“**New Brilliance**”) was incorporated in the BVI with limited liability on November 18, 2020. Upon incorporation, 100 shares of New Brilliance were allotted and issued to our Company. Since the completion of such issue and allotment, New Brilliance has been a wholly-owned subsidiary our Company.

Golden Prosperity Development Limited (鼎晟發展有限公司) (“**Golden Prosperity**”) was incorporated in Hong Kong with a limited liability on November 5, 2019. Upon incorporation, 10,000 share of Golden Prosperity were allotted and issued to New Prosperity, of which 390 shares and 230 shares were subsequently transferred to New Actuation Development Limited (新啟力發展有限公司) (“**New Actuation**”) and New Charm Development Limited (新引力發展有限公司) (“**New Charm**”), respectively, on December 11, 2019 at par. Upon completion of such transfers, Golden Prosperity was owned as to 93.8% by New Prosperity, 3.9% by New Actuation and 2.3% by New Charm.

On November 24, 2020, New Prosperity, New Actuation and New Charm transferred their respective interests in Golden Prosperity to New Brilliance at par. Upon completion of such transfers, Golden Prosperity was wholly owned by New Brilliance and became an indirectly wholly-owned subsidiary of our Company.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### 3. Reorganization of PRC subsidiaries

#### *Acquisition of New Hope Commercial*

In order to streamline our business and consolidate all the property management operating entities and the commercial operational management service operating entities of our business into our Group, on August 31, 2020, New Hope Service agreed to acquire the entire equity interest in New Hope Commercial from New Hope Property at a consideration of RMB79.35 million. The consideration was determined after arm's length negotiation with reference to the valuation of New Hope Commercial as of July 31, 2020 as appraised by an independent valuer and fully settled on September 15, 2020. Upon completion of such acquisition, New Hope Commercial was wholly owned by New Hope Service and became an indirectly wholly-owned subsidiary of our Company.

#### *Disposal of Wenzhou Hope Town Enterprise Management Co., Ltd. (温州希望小镇企业管理有限公司) (“Wenzhou Hope”)*

On December 20, 2020, New Hope Commercial disposed of the entire equity interest in Wenzhou Hope to Sichuan Xinzhi Ruizhan Industrial Co., Ltd. (四川新致睿占实业有限公司), a wholly-owned subsidiary of New Hope Property, at a consideration of RMB1. Wenzhou Hope was established in the PRC with limited liability on November 20, 2018. Prior to the disposal, it was wholly owned by New Hope Commercial to engage in the provision of indoor amenities and children's playground, which was unrelated to the core business of our Group and hence not in line with the strategic development of our Group.

The table below sets forth certain financial information of Wenzhou Hope for the years indicated, which is prepared in accordance with the IFRS:

|   | <b>For the year ended December 31,</b> |               |                |
|---|--|---------------|----------------|
|   | <b>2018*</b>                           | <b>2019**</b> | <b>2020***</b> |
|   | <i>(RMB'000)</i>                       |               |                |
| <b>Revenue</b> . . . . .                  | –                                      | 861           | 362            |
| <b>Net profit/(loss)</b> . . . . .        | –                                      | (2,092)       | (851)          |
| <b>Net assets/(liabilities)</b> . . . . . | –                                      | (2,092)       | (2,937)        |

*Notes:*

\* Wenzhou Hope was established in the PRC with limited liability on November 20, 2018, and did not started its business operation until 2019.

\*\* Based on the audited combined financial statement of New Hope Service in 2019, during which Wenzhou Hope was one of its subsidiaries.

\*\*\* Up to December 20, 2020, being the date of the disposal.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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The consideration of the disposal was determined after arm's length negotiation taking into account that Wenzhou Hope was loss making up to the date of the disposal. Upon completion of such disposal, Wenzhou Hope ceased to be a subsidiary of New Hope Commercial and New Hope Commercial is no longer interested in Wenzhou Hope.

As confirmed by our Directors, the disposal of Wenzhou Hope had complied with the applicable laws and regulations in all material respects, and Wenzhou Hope had not been involved in any material legal, regulatory, arbitral or administrative proceedings, investigations or claims before its disposal. As confirmed by our PRC Legal Advisor, the relevant SAIC procedures and steps involved in the aforesaid disposal had been properly and legally completed.

***Disposal of Hohhot New Hope Service Co., Ltd. (呼和浩特市新希望物業服務有限責任公司) (“Hohhot New Hope”)***

On April 4, 2018, New Hope Service agreed to transfer its 100% equity interest in Hohhot New Hope to Mr. Ju Shengjie (鞠勝杰), an Independent Third Party, at a consideration of RMB1. Hohhot New Hope was established in the PRC with limited liability on April 15, 2005. Prior to the disposal, it was wholly owned by New Hope Service to engage in the provision of property management services for properties developed by New Hope Property Group in Hohhot, Inner Mongolia. However, as Inner Mongolia is no longer our business development focus, the provision of services in Hohhot is no longer in line with the strategic development of our Group.

The consideration of the disposal was determined after arm's length negotiation taking into account that Hohhot New Hope was loss making up to the date of the disposal. Upon completion of such disposal, Hohhot New Hope ceased to be a subsidiary of New Hope Service and New Hope Service is no longer interested in Hohhot New Hope.

As confirmed by our Directors, the disposal of Hohhot New Hope had complied with the applicable laws and regulations in all material respects, and Hohhot New Hope had not been involved in any material legal, regulatory, arbitral or administrative proceedings, investigations or claims before its disposal. As confirmed by our PRC Legal Advisor, the relevant SAIC procedures and steps involved in the aforesaid disposal had been properly and legally completed.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### 4. Incorporation of WFOE

On December 22, 2020, Golden Prosperity Business Management Service Chengdu Co., Ltd. (鑫晟鼎企業管理服務(成都)有限責任公司) (“WFOE”) was established in the PRC as a wholly foreign-owned enterprise with an initial registered capital of US\$20 million. Since the date of its establishment, WFOE has been wholly owned by Golden Prosperity.

On January 6, 2021, WFOE acquired 90.8% and 6.2% of the equity interest in New Hope Service from New Hope Property and Yunjing Guanlan at a consideration of RMB107,740,100 and RMB7,356,700, respectively. The consideration was determined after arm’s length negotiations with reference to the valuation of New Hope Service as of September 30, 2020 as appraised by an independent valuer and fully settled on January 11, 2021. Upon completion of such transfer, New Hope Service was owned as to 97% by WFOE and 3% by Tidal Investment.

### 5. Acquisition of Step Viral

On January 8, 2021, August Mist transferred all the issued shares of Step Viral to our Company in exchange for the allotment and issue of 300 Shares by our Company to August Mist. Upon completion of such acquisition, Step Viral became a wholly-owned subsidiary of our Company which was owned as to 90.8% by Golden Rose, 6.2% by New Voyage and 3.0% by August Mist.

Our PRC Legal Advisor has confirmed that all applicable regulatory approvals in relation to the equity transfers in respect of the PRC companies in our Group as described above have been obtained, the equity transfers have been legally completed in accordance with the relevant equity transfer agreements, and the procedures involved have been carried out in accordance with applicable PRC laws and regulations.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### PRE-IPO INVESTMENT

On May 25, 2020, Tidal Investment acquired 3% of the equity interest in New Hope Service from New Hope Property at a consideration of US\$359,200. At the time of such acquisition, Tidal Investment was wholly owned by Ms. Cui Donghong, who, through August Mist, also held the entire issued share capital of Step Viral. Upon completion of acquisition, Tidal Investment was interested in 3% of the equity interest in New Hope Service. On December 24, 2020, Ms. Cui Donghong transferred the entire issued share capital of Tidal Investment to Step Viral at par. As part of the Reorganization, August Mist transferred all its issued shares in Step Viral to our Company on January 8, 2021 in exchange for the allotment and issue of 300 Shares in our Company to August Mist. Details of the above investment by August Mist (the “**Pre-IPO Investment**”) are set forth below:

|  |   |   |
|--|---|---|
| Name of the Investor   | : | August Mist   |
| Amount of cash consideration paid  | : | US\$359,200   |
| Basis of determination of the consideration                                      | : | Based on an valuation of equity interest of New Hope Service of approximately RMB82.6 million as of April 30, 2020 as appraised by an independent valuer using the asset-based approach after arm’s length negotiations between the parties |
| Date of settlement of the consideration  | : | December 25, 2020   |
| Cost per Share <sup>(1)</sup>  | : | HK\$0.15  |
| Discount to mid-point of the indicative Offer Price range                        | : | 96.4%   |
| Use of proceeds  | : | The proceeds from the Pre-IPO Investment will be used for the general working capital of our Group  |
| Shareholding in our Company immediately after the Pre-IPO Investment             | : | 3.0%  |
| Shareholding in our Company immediately after the Global Offering <sup>(2)</sup> | : | 2.25%   |

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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- Benefits to the Company : Our Directors are of the view that our Group can be benefited from the Pre-IPO Investment as it demonstrates the pre-IPO investor's confidence in the operations of our Group and serves as an endorsement of our Group's performance, strength and prospects, which can assist us in broadening our shareholder base. In addition, we believe Ms. Cui Donghong's international footprint in Singapore, Hong Kong and the PRC will bring business foresight to our Group. Leveraging her extensive experience in business management and investment and coupled with her personal network, Ms. Cui Donghong will also be able to bring benefits to our Group by providing recommendations on investment and financing to support our future business development and expanding our portfolio of managed properties. Specifically, Ms. Cui Donghong delivered a lecture to our staff in August 2020 on topic of building a high efficiency team. In addition, she also provided us with strategic advices which we have already taken into consideration, including among others, (a) devoting more resources into city research and analysis in order to consolidate our market position in the areas we currently operate in; and (b) proactively collecting information about other leading local property management companies in order to broaden our acquisition target base.
- Special rights : None of Ms. Cui and August Mist is entitled to any special rights under the Pre-IPO Investment



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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*Notes:*

1. Being the cost of the Pre-IPO Investment per Share held by August Mist immediately after the Capitalization Issue.
2. Assuming that the Over-allotment Option is not exercised.

The consideration for the Pre-IPO Investment was determined based on the valuation of equity interest of New Hope Service of approximately RMB82.6 million as of April 30, 2020 as appraised by an independent valuer using the asset-based approach after arm's length negotiations between the parties. Other factors were taken into account in the determination of the consideration including but not limited to: (i) the investment risk assumed by the pre-IPO investor due to the absence of any exit or divestment rights granted to the pre-IPO investor under the terms of the pre-IPO investment agreement in the case the Global Offering fails to proceed, as well as other investment risks assumed by the pre-IPO investor in investing in an unlisted company, including, among others, the lack of liquidity and open market for trading in our Shares prior to the completion of the Global Offering and the Listing and the lack of any plan to declare further dividend during the period from the completion of the Pre-IPO Investment to the completion of the Global Offering; (ii) the strategic benefits which would be brought by Ms. Cui Donghong to our Group as detailed in the table above; and (iii) the six-month lock-up restriction undertaken by August Mist commencing on the Listing Date. As of the Latest Practicable Date, none of the proceeds from the Pre-IPO Investment made by the pre-IPO investor had been utilized.

### **Information regarding August Mist**

August Mist is an investment holding company incorporated in the BVI and is wholly owned by Ms. Cui Donghong. Ms. Cui is an Academic Board member of Singapore Chinese Chamber of Commerce & Industry. From January 2016 to December 2018, she was an adjunct investigator of National University of Singapore (Suzhou) Research Institute and an adjunct assistant professor in the School of Humanities and Social Science of Nanyang Technological University from August 2010 to November 2012. She was also an adjunct professor at Nanyang Centre for Public Administration of Nanyang Technological University in 2013. She frequently visited China in the past 10 years to deliver lectures, training courses on business management and provide consultancy services to Chinese companies. Ms. Cui has extensive investment experience in cloud-based resolutions company, shipbuilding company, technology and biotechnology industry across Singapore, the PRC and Hong Kong. Ms. Cui currently serves as the vice president at Tessa Therapeutics Ltd., a Singapore biotech company, where she is mainly in charge of business expansion in the PRC market. Ms. Cui met our Ultimate Controlling Shareholders in a business forum. As she is optimistic about the real estate industry in China and Hong Kong and also taking into account the long-term prospects of the property management market in the PRC, historical financial performance and the growth potential of the business of our Group, Ms. Cui decided to invest in our Group. Other than the shareholding in our Group, Ms. Cui and August Mist are independent from our Group.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### **Lock-up and Public Float**

The Shares held by August Mist will be subject to lock-up for a period of six months after Listing. As neither Ms. Cui Donghong nor August Mist is a core connected person of our Company, Shares held by August Mist will be counted towards the public float upon Listing.

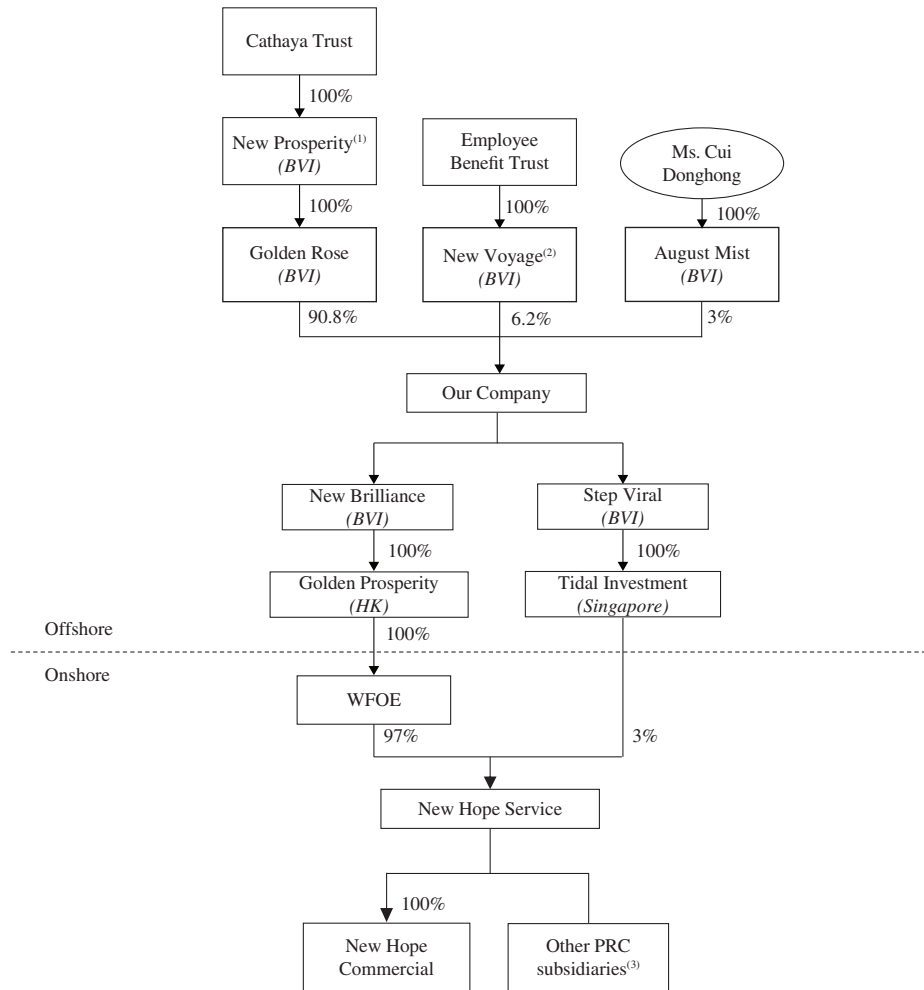
### **Compliance with interim guidance**

Under the Interim Guidance on Pre-IPO Investments (HKEx-GL29-12), where the consideration for completion or divestment of the last pre-IPO investment is settled within 28 clear days before the date of first submission of the listing application form, the Stock Exchange will generally delay the first day of trading until 120 clear days after the later of the completion or divestment of the last pre-IPO Investments. The Pre-IPO Investment was completed on December 25, 2020. On the basis that (i) the Listing is expected to take place on or after May 25, 2021 and will be more than 120 clear days after the completion of the Pre-IPO Investment, and (ii) the Pre-IPO Investor shall have the same information right as the general public after the Listing, the Sole Sponsor has confirmed that, based on the documents provided by the Company relating to the Pre-IPO Investment, the Pre-IPO Investment is in compliance with the Interim Guidance on Pre-IPO investments (HKEx-GL29-12) and the Guidance on Pre-IPO investments (HKEx-GL43-12).

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### CORPORATE STRUCTURE AFTER THE REORGANIZATION AND IMMEDIATELY BEFORE THE COMPLETION OF THE CAPITALIZATION ISSUE AND GLOBAL OFFERING

The following chart sets forth a simplified corporate structure of our Group after the Reorganization but before the completion of the Capitalization Issue and the Global Offering:



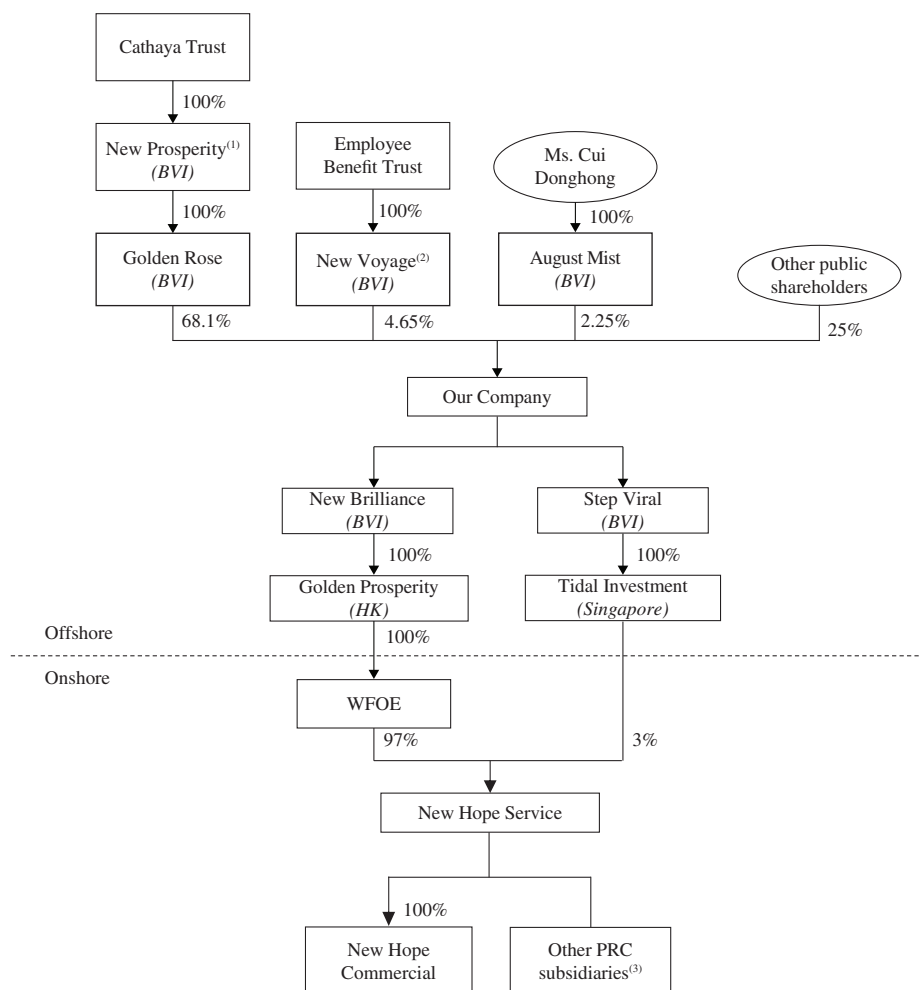
*Notes:*

- (1) New Prosperity is wholly owned by Sea Glory Developments Limited, a special purpose holding vehicle wholly owned by Vistra Trust (Singapore) Pte. Limited, the trustee of the Cathaya Trust.
- (2) New Voyage is wholly owned by New Range Development Limited, a special purpose holding vehicle wholly owned by TMF Trust (HK) Limited, the trustee of Employee Benefit Trust.
- (3) Our subsidiaries are set out in Note 1 of the Accountants' Report in Appendix I to this prospectus.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### CORPORATE STRUCTURE UPON THE COMPLETION OF THE CAPITALIZATION ISSUE AND THE GLOBAL OFFERING

The following chart sets forth a simplified corporate structure of our Group upon completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under, the Share Option Scheme):



*Note:* See the notes under “—Corporate Structure After the Reorganization and Immediately Before the Completion of the Capitalization Issue and Global Offering.”

### PRC REGULATORY REQUIREMENTS

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

Our PRC Legal Advisor advised that the acquisition of 3% equity interest in New Hope Service by Tidal Investment from New Hope Property (the “**First Transfer**”) is subject to the M&A rules and the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the “**Reporting Measures**”). New Hope Service has submitted investment information through the Enterprise Registration System and the National Enterprise Credit Information Publicity System and obtained the new business license for the First Transfer pursuant to the M&A rules and the Reporting Measures. After the First Transfer, New Hope Service became a sino-foreign joint venture enterprise. For the acquisition of an aggregate of 97% equity interest in New Hope Service by WFOE from New Hope Property and Yunjing Guanlan, respectively, (the “**Second Transfer**”), our PRC Legal Advisor advised that since each of them transferred their respective equity interests in New Hope Service to WFOE after New Hope Service was converted into a sino-foreign joint venture enterprise, the Second Transfer is the equity transfer in a foreign invested enterprise, and thus, the M&A rules is not applicable to the Second Transfer. Instead, the Second Transfer shall comply with the Reporting Measures, and New Hope Service has submitted investment information through the Enterprise Registration System and the National Enterprise Credit Information Publicity System and completed the registration of the change of shareholders for Second Transfer pursuant to the Reporting Measures. Our PRC Legal Advisor is of the view that the First Transfer has been completed in accordance with the M&A rules and the Reporting Measures, the Second Transfer has been completed in accordance with the Reporting Measures.

#### SAFE Registration in the PRC

Pursuant to the Circular on the Administration of Foreign Exchange Involved in the Investment and Financing and Round-trip Investment Conducted by PRC Residents via 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》) (“**SAFE Circular No. 37**”) issued by SAFE on July 4, 2014, and 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》) (the “**SAFE Circular No. 13**”) issued by SAFE on February 13, 2015 where the PRC individual residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. SAFE Circular No. 37 also requires the PRC residents to file changes to their registration where their offshore special purpose vehicles undergo material events such as the change of basic information including PRC residence, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division.

As advised by our PRC Legal Advisor, each of Mr. Liu, Mr. Zhang Minggui, Ms. Chen Jing, Ms. Wu Min, Mr. Jiang Mengjun and Ms. Huang Kun has completed the registration in accordance with the SAFE Circular No. 37.

### OUR STRATEGIC POSITIONING

We are a lifestyle service operator focusing on the metropolitan areas and urban agglomerations in China. Building on the strong brand awareness of “New Hope” and the continuously developing lifestyle industry, we provide customers in first-tier cities, new first-tier cities and second-tier cities with customized service combinations and overall solutions of high-quality property management services, commercial operational services and lifestyle services.

### OUR VISION

We hope to become a service ecosystem operator worthy of being entrusted with the happiness of our customers.

### OVERVIEW

We are a well-established comprehensive property management and lifestyle service operator in China, providing property management services, value-added services to non-property owners, commercial operational services and lifestyle services. We were ranked 39th in the 2020 Top 100 Property Management Companies in China in terms of Overall Strength (2020年中國物業企業綜合實力百強) by EH Consulting. As of December 31, 2020, we managed 65 projects and our total GFA under management amounted to approximately 10.2 million sq.m. As of the Latest Practicable Date, our total GFA under management further increased to 11.4 million sq.m. Our roots are in the Chengdu-Chongqing urban agglomeration, the engine of economic development in the Southwest China region according to Savills and EH Consulting. As of December 31, 2020, 33.4% and 28.9% of our GFA under management were located in the Chengdu-Chongqing urban agglomeration and the Eastern China region, respectively, and 33.2% and 39.7% of our contracted GFA were located in these two regions as of the same time, respectively. As of December 31, 2020, the property projects served by us covered 17 cities in nine provinces, one autonomous region and two municipalities in China and all of our property management projects are located in the first-tier, new first-tier and second-tier cities in China. Over the years, we have won a number of awards from well-known industry organizations for our service quality and brand value, such as 2019 Golden Key China’s Excellent Service Team (2019年中國服務示範企業–中國金鑰匙獎) and 2020 Leading Chinese Brand Company in Professional Property Service Operation (2020中國物業服務專業運營領先品牌). In 2019, our average monthly property management fee was RMB3.69 per sq.m., which was 57.4% higher than that of the property management service industry in China. According to Savills and EH Consulting, our revenue per sq.m. of RMB58.23 per sq.m. in 2019, ranked eighth among the Top 100 Property Management Companies in China in terms of Overall Strength and we were awarded the 2020 Top Ten Property Management Companies in China in terms of Revenue Generating Capacity per Square Meter (2020年中國物業管理企業單坪創收十強). Our net profit margin was 16.8% in 2019, ranking fifth among the Top 100 Property Management Companies in terms of net profit margin according to Savills and EH Consulting.

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## BUSINESS

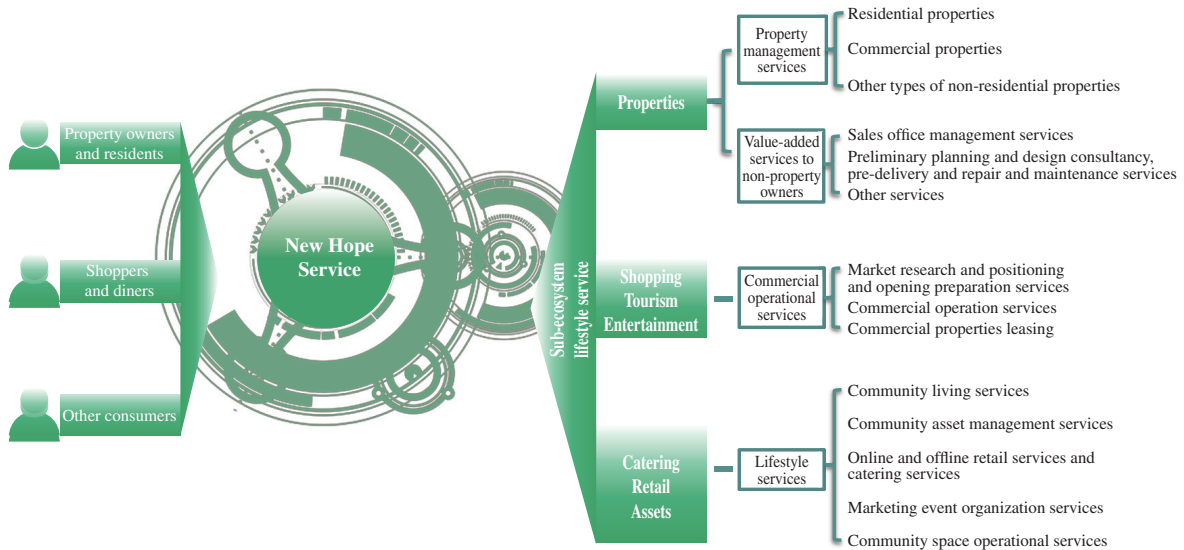
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We provide quality property management services and value-added services to non-property owners. We also provide commercial operational services for 12 quality commercial properties in five cities, namely Chengdu, Kunming, Shanghai, Wenzhou and Nanning. We also provide diversified lifestyle services to our property owners, residents and other customers. Our services are closely tied to what people and property owners need in their daily lives and what businesses need for their daily operations. We believe our core value lies in our ability to help our individual customers live a safer and more comfortable, healthy and convenient life and to assist our business customers in building prosperous businesses. During the Track Record Period, we generated revenue primarily from four business segments:

- Property management services: we provide property management services to residential properties, commercial properties and other types of non-residential properties. Our services are primarily cleaning, security, greening and landscaping and repair and maintenance services;
- Value-added services to non-property owners: we provide value-added services to non-property owners, including (i) sales office management services; (ii) preliminary planning and design consultancy, pre-delivery and repair and maintenance services; and (iii) other services such as construction site management services;
- Commercial operational services: we provide (i) market research and positioning and opening preparation services; (ii) commercial operation services, such as tenant sourcing services, tenant management services, commercial management services and marketing and promotion services; and (iii) commercial properties leasing; and
- Lifestyle services: we provide (i) community living services, including turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services and common area management services; (ii) community asset management services, including carpark related services and property agency services; (iii) online and offline retail services and catering services; (iv) marketing event organization services; and (v) community space operational services.

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We focus on customer needs and provide them with high-quality products and diversified service and product combinations. The diagram below shows the service ecosystem and how we, at the center of the value chain, link customers' demands for products and services with solutions and resources.



We achieved rapid growth during the Track Record Period. Our revenue increased by 47.5% from RMB258.0 million in 2018 to RMB380.5 million in 2019 and further by 54.6% from RMB380.5 million in 2019 to RMB588.3 million in 2020. Our net profit increased by 56.0% from RMB41.1 million in 2018 to RMB64.0 million in 2019 and by 71.6% from RMB64.0 million in 2019 to RMB109.8 million in 2020. In recognition of our rapid growth, we were named one of the Top 100 Leading Property Management Companies in China in terms of Growth Potential (中國物業服務百強成長性領先企業) by CIA in 2019. We have been named one of the Top 100 Property Management Companies in China in terms of Overall Strength (中國物業企業綜合實力百強) by EH Consulting for five consecutive years and our ranking improved from 55th in 2016 to 39th in 2020.

### OUR STRENGTHS

We believe that the following competitive strengths enable us to gain a competitive position in China's property management industry and differentiate us from our competitors:

#### **A high-quality and fast-growing lifestyle service operator focusing on the metropolitan areas and urban agglomerations in China**

We are a well-established comprehensive property management and lifestyle service operator in China, providing property management services, value-added services to non-property owners, commercial operational services and lifestyle services. We originated from the Chengdu-Chongqing urban agglomeration and focus on metropolitan areas and urban agglomerations in China, in particular the Chengdu-Chongqing urban agglomeration and the Eastern China region. We focus on providing management services to properties in the



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first-tier, new first-tier and second-tier cities in these areas. According to Savills and EH Consulting, the Chengdu-Chongqing urban agglomeration is the engine of economic development in Southwest China, and its nominal GDP reached RMB6,506.6 billion in 2019, accounting for approximately 6.6% of China's nominal GDP. Eastern China region's nominal GDP reached RMB35,071.5 billion in 2019, accounting for approximately 35.5% of China's nominal GDP. As of December 31, 2020, 33.4% and 28.9% of our GFA under management were located in the Chengdu-Chongqing urban agglomeration and the Eastern China region, respectively, and 33.2% and 39.7% of our contracted GFA were located in these two regions as of the same time, respectively. New Hope Property Group focuses on developing properties in the new first-tier and second-tier cities. Through New Hope Property Group we have been able to build a portfolio of middle to high-end properties under management with good revenue streams. During the Track Record Period, we managed almost all of the properties developed by New Hope Property Group. According to Savills and EH Consulting, in 2019, the average selling price for the contracted sales of the properties developed by New Hope Property Group ranked 11th among the Top 100 Real Estate Enterprises in China. According to Savills and EH Consulting, our revenue per sq.m. of RMB58.23 per sq.m. in 2019, ranked eighth among we were Top 100 Property Management Companies in China in terms of Overall Strength and was awarded the 2020 Top Ten Property Management Companies in China in terms of Revenue Generating Capacity per Square Meter (2020年中國物業企業單坪創收十強) by EH Consulting. During the same period, our monthly average property management fee was RMB3.69 per sq.m. According to Savills and EH Consulting, the properties under our management are mainly in the middle and high-end categories for the Chinese real estate industry, in terms of their average selling price for contracted sales.

We achieved rapid growth during the Track Record Period. As of December 31, 2020, the property projects served by us covered 17 cities in nine provinces, one autonomous region and two municipalities in China, and all of our property management projects are located in the first-tier, new first-tier and second-tier cities of China. As of December 31, 2020, our total contracted GFA amounted to 15.3 million sq.m., including a pipeline of 5.1 million sq.m. of undelivered residential properties, which are expected to be delivered to us for our management in the next three years. As of the Latest Practicable Date, our total GFA under management increased to 11.4 million sq.m. Our revenue increased by 47.5% from RMB258.0 million in 2018 to RMB380.5 million in 2019 and further by 54.6% from RMB380.5 million in 2019 to RMB588.3 million in 2020. Our net profit increased by 56.0% from RMB41.1 million in 2018 to RMB64.0 million in 2019 and by 71.6% from RMB64.0 million in 2019 to RMB109.8 million in 2020. In recognition of our rapid growth, we were named one of the Top 100 Leading Property Management Companies in terms of Growth Potential in China (中國物業服務百強成長性領先企業) by CIA in 2019.

Over the years, we have won a number of awards from well known industry organizations. We have been named one of the Top 100 Property Management Companies in China in terms of Overall Strength (中國物業企業綜合實力百強) by EH Consulting for five consecutive years. Our ranking improved from 55th in 2016 to 39th in 2020. At the same time, we have been recognized as a 2020 China Property Eco-chain Quality Service Provider (2020中國物業生態鏈優質服務商), as one of 2020 Top 50 Model Chinese Property Management Companies for

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Customer Satisfaction (2020中國物業企業客戶滿意度模範企業50強), as 2019 Golden Key China's Excellent Service Team (2019年中國服務示範企業—中國金鑰匙獎) for our service quality and pursuit of customer satisfaction, and as a 2020 Leading Chinese Brand Company in Professional Property Service Operation (2020中國物業服務專業運營領先品牌) for our brand awareness.

### **Diversified and high quality portfolio of properties under management and professional commercial operational service capabilities**

We have a high-quality portfolio of properties under management. We are committed to raising our competitiveness in residential property management by continuously increasing our business scale and improving our service quality. As of December 31, 2020, we had 40 residential projects under management, with a total GFA under management of 7.0 million sq.m. In addition to residential buildings, we also manage commercial properties such as shopping malls, shopping streets, specialized markets, office buildings and industrial parks, as well as other types of non-residential properties, such as public facilities, culture and tourism sites, and healthcare facilities. We believe our high service quality has contributed to our high collection rates of property management fees.

Additionally, we provide commercial operational services for 12 quality commercial properties in five cities, namely Chengdu, Kunming, Shanghai, Wenzhou and Nanning. As of December 31, 2018, 2019 and 2020, the occupancy rates of the operating commercial properties under our management were 90.5%, 90.2% and 90.5%, respectively, and the collection rates of service fees for our commercial management services were 100%, 98.0% and 98.6%, respectively.

Among our commercial operation projects, Kunming Dashanghui and Zhangjiang Hi-Tech Park are our landmark projects. As of December 31, 2020, Kunming Dashanghui is a benchmark commercial property well-known in Yunnan province, according to Savills and EH Consulting. Located in the core area of Zhangjiang Science City in Shanghai, Zhangjiang Hi-Tech Park is mainly comprised of small and detached office buildings in a low-density garden style. It has attracted a number of famous companies, including Fortune 500 enterprises, in, among other fields, information technology, e-commerce, and biological medicine.

We are supported by a team of professional employees covering the entire value chain in the property management and commercial operation industry. These valuable staff have accumulated valuable operational experience about the whole project life cycle of property management and commercial operation, and we believe they will allow us to seize opportunities and continue to grow.

### **A wide range of lifestyle services based on customers' needs, forming a lifestyle service ecosystem**

In addition to high-quality property management services, value-added services to non-property owners and commercial operational services, we provide a wide range of lifestyle services based on customers' needs for food, housing, goods and services. We take a comprehensive view of the needs of businesses, customers, merchants and relevant local government organizations and seek to design an ecosystem where everyone's goals are met.

Specifically, our lifestyle services include community living services, community asset management services, online and offline retail services and catering services, marketing event organization services and community space operation services. Our lifestyle services are supported by our comprehensive management system comprising, among other things, online platforms for customers, supply chain management of products and services, product delivery and door-to-door services. We believe such a comprehensive management system also allows us to quickly introduce new types of products and services which will further diversify our lifestyle service offerings.

We believe that diversified and innovative services will enhance customer satisfaction and loyalty, improve our profitability, and help us diversify revenue sources, such as by expanding our customer base beyond property owners and residents of communities under our management, to include residents living in surrounding neighborhoods and others. During the Track Record Period, our revenue from lifestyle services experienced a rapid growth, increasing by 37.5% from RMB28.3 million in 2018 to RMB38.9 million in 2019, and by 201.3% from RMB38.9 million in 2019 to RMB117.2 million in 2020.

### **Strong support from New Hope Group, a comprehensive industrial conglomerate with a vision to create better lives for consumers and a footprint covering a variety of industries**

We cooperate with, and receive strong support from New Hope Group, a comprehensive industrial conglomerate with a vision to create better lives for consumers. It has established its footprint in a variety of industries, including food and fast moving consumer goods, real estate, digital technologies and culture and tourism, medical and healthcare and finance and investment. Some of its businesses have become listed, such as New Hope Liuhe Co., Ltd. (新希望六和股份有限公司) (000876.SZ) and New Hope Dairy. As of December 31, 2019, New Hope Group's assets exceeded RMB200 billion with sales revenue over RMB100 billion in 2019. In September 2020, New Hope Group Company was ranked 27th in the List of Top 500 Chinese Private Enterprises in 2020 by the All-China Federation of Industry and Commerce (中華全國工商業聯合會), the highest ranking among companies in China's agricultural sector and among private enterprises headquartered in Sichuan province. According to the ranking of World Brand Lab, the brand value of "New Hope" amounted to RMB100.5 billion as of September 2020.

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During the Track Record Period, we managed almost all of the properties developed by New Hope Property Group. New Hope Property Group is a leading property developer in China. In 2020, it ranked 39th among the Top 100 Real Estate Enterprises in China in terms of Overall Strength according to Savills and EH Consulting. Its growth rate in terms of contracted sales in 2019 ranked first among the Top 40 Real Estate Enterprises in China according to Savills and EH Consulting. Our business scale also expanded with the growth of New Hope Property Group. As of December 31, 2020, our total contracted GFA amounted to 15.3 million sq.m.

We are an important platform for New Hope Group to establish its presence in the consumer market. We also benefit from our long-term and stable relationship with other companies in the New Hope Group, which supply goods to enrich the products we offer to our customers or help diversify the types of properties we manage. For example, companies under New Hope Group, such as Grass Green Group and New Hope Dairy are our stable suppliers for a long time to provide products such as dairy, food, beverage, snacks and other fast moving consumer goods. In addition, we established business relationship with several companies under New Hope Group. For example, we signed a strategic cooperation agreement with Shanghai Lansheng Brain Hospital Investment Corp. (上海藍生腦科醫院投資股份有限公司), a company headquartered in Shanghai that operates brain hospitals, to provide property management and logistics services for its hospital portfolio. We also signed a strategic cooperation agreement with Sichuan Xinwang Kanghua Healthcare Management Group Co., Ltd. (四川新望康華醫療管理集團有限公司) to provide property management services for the beauty clinics and medical examination facilities operated by its subsidiaries. In addition, we provide property management services for the office buildings of Sichuan Xinwang Bank Co., Ltd. (四川新網銀行股份有限公司), an Internet bank based in Chengdu.

### **Smart information system enhancing operational efficiency and customer experience**

We attach great importance to the enabling role technology can play in our industry, and firmly believe that through the continuous development of our informatization, digitization and intelligence capabilities, we can achieve lean management and provide high quality services to our customers' satisfaction while achieving cost economies.

We have an online smart service system to link our service platform, butlers and service offerings to enhance our operation efficiency. We also implemented the Modern Leisure Lifestyle (漫生活) mobile application which assists us in providing quality property management services and comprehensive lifestyle services. The Modern Leisure Lifestyle (漫生活) mobile application, together with our other information technologies such as an intelligent cloud system for management of parking spaces and an efficient and secure facial recognition system, helps us deliver property management services such as online service requests, payment of property management fees and parking charges, door access control, customer complaints and feedback, community announcements. They also allow us to deliver lifestyle services such as community activities, online shopping, delivery service, housekeeping service, repair and maintenance service, and pet services.

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We have a back-office monitoring system to monitor the performance of, and facilitate the maintenance of, our equipment and facilities. The LCM system supports full life cycle management of facilities and equipment, by assigning a unique identification code to each piece of equipment and facility and maintaining online inspection, and maintenance plan and maintenance records, helping us improve the service life of equipment and reduce the cost of equipment maintenance. The RMA system conducts automatic monitoring on our equipment, provides real-time early warning of malfunctions, and automatically assigns work orders to improve the maintenance efficiency, which ensures the safe operation of our facilities and equipment. The centralized control system with 24-hour real-time surveillance capabilities helps us achieve online real-time monitoring of key areas in the communities under our management and serves as an effective tool for quality assurance. By integrating data from different front-end applications and online platforms, our internal systems such as the ERP, CRM, smart carpark management, LCM, RMA, and centralized control systems help us manage and operate our business. Our employees can access to such management systems through mobile devices to further increase our operation efficiency.

We believe our information technology platform enables us to improve operational efficiency and reduce operating costs. See “—Information Technology Platform” for more details. The development of our informatization, digitization and intelligence capabilities contributed to the increase in our revenue per employee from approximately RMB146,988 in 2018 to approximately RMB178,324 in 2019. Our revenue per employee slightly decreased to approximately RMB170,907 in 2020, primarily due to an increase in the number of employees, as we launched our online and offline retail services, and catering services in the last quarter of 2019 and our tenant management business in 2020 and also established the cooperation development center at the headquarter level and cooperation development departments at regional company level in 2020.

### **A corporate culture of happiness and striving to achieve, and an excellent and inter-disciplinary team to provide organizational support for our business growth**

We regard employees as one of our most important resources. In order to implement our market positioning as a “lifestyle service operator,” we bring in cross-industry, highly educated and passionate young talent at all levels of our Group. As of December 31, 2020, the average age of our employees was 31 years old. We believe that the passionate and creative management team led by experienced senior management members can achieve our strategic objectives. The senior management team and core management, including Ms. Chen Jing, Executive Director and chief executive officer, came from a wide range of industries such as property management, real estate, commerce, finance, and have an average industry experience of over 10 years. They have jointly promoted our rapid growth in the past few years, and will continue to bring momentum to our business innovation and high-quality growth. Meanwhile, we have a team of project managers with rich experience and sharing our cultural characteristics. As of December 31, 2020, most of our project managers had five years or more experience in property management, commercial operation or other lifestyle service industries.

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In respect of employees at the butler level, we apply unified selection criteria and also provide systematic training to our employees through various training programs at the New Hope Service Academy. As of December 31, 2020, 70% of our butlers held a junior college or higher degree.

Striving to achieve is the basis of our corporate culture. We encourage employees to set ambitious goals for their own career growth. Happiness is another important feature of our corporate culture. We advocate “everyone serving everyone (所有人服務每個人)”, and place a high priority on caring for our employees and recognizing their value. We believe happier employees are more motivated to serve customers well, which in turn could lead to higher customer satisfaction and business growth.

### OUR STRATEGIES

We plan to enhance our position in China’s property management, commercial operation and lifestyle service industry by implementing the following strategies:

#### **Continue to expand in the metropolitan areas and urban agglomerations in China to increase our business scale**

We plan to further expand our business in the metropolitan areas and urban agglomerations in China, especially the first-tier, new first-tier and second-tier cities in the Chengdu-Chongqing urban agglomeration and the Eastern China region, and continue to consolidate our market position in these areas. We also plan to penetrate into new markets with growth potential. To achieve our expansion, we expect to continue to grow with the New Hope Property Group and will seek new business opportunities brought by the expansion of New Hope Property Group’s business presence. We also plan to actively seek opportunities to manage properties developed by independent third-party property developers through participating in tendering processes and through strategic acquisition and investment. In particular, leveraging our experience in managing beauty clinics and medical examination facilities, we may seek opportunities to manage more healthcare facilities, which we believe may have a relatively high potential of profitability. Moreover, we aim to manage more non-residential properties, such as transit-oriented development projects, to further diversify our portfolio of properties under management.

We plan to grow our business by organic growth as well as making acquisitions and investments in companies that suit our business strategies. We expect to acquire and invest in other property management companies that manage residential properties and nonresidential properties such as office buildings, commercial complexes, and healthcare and education facilities. We also expect to prioritize property management companies located in cities or areas where we already have a presence in order to optimize management efficiency and facilitate the sharing of resources. We plan to use approximately 61.7% of the net proceeds from the Global Offering to acquire and invest in other property management companies. For more information, please refer to “Future Plans and Use of Proceeds” in this prospectus. As of the Latest Practicable Date, we had not identified any suitable target that met our standards.



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We also plan to continue to expand our collaboration with independent third-party property developers to reduce our reliance on New Hope Property Group, its joint ventures and associates and associates of our Controlling Shareholders. We established a cooperation development center at the headquarters level and cooperation development departments at regional company levels in 2020 to develop business with independent third-party property developers. Our cooperation development center is located in Chengdu, Sichuan Province. The cooperation development departments are located in Chengdu, Sichuan Province, Kunming, Yunan Province, Nanning, Guangxi Zhuang Autonomous Region, Hangzhou, Zhejiang Province and Dalian, Liaoning Province. The cooperation development center and cooperation development departments consist of approximately 30 persons in total. The cooperation development center is in charge of overall strategic planning and implementation of the Group's strategic acquisitions and investments, and guiding, coordinate, supporting, supervising and evaluating the cooperation development departments. The cooperation development departments conduct market research and information gathering in each of their respective regions for the Group's strategic acquisitions and investments and support the cooperation development center in such acquisition and investment activities. In addition, the cooperation development departments are in charge of market expansion efforts in their respective regions, including identifying potential business opportunities, commercial negotiations and customer management. Our professional teams at cooperation development departments explore business opportunities through websites or other platforms on which property developers, property owners' associations, stated-owned enterprises, government agencies and commercial banks announce tender opportunities, or uncovering business opportunities through recommendation to or frequent communication with customers, local tendering agencies, and other industry players. We also organize events to promote or showcase our service offerings during holidays or other occasions. A professional team at the cooperation development center is dedicated to pursuing strategic acquisitions and investments pursuant to our established internal procedure on preliminary researches, bidding, negotiation, signing and subsequent ramp-up processes. We plan to establish business relationship with independent third-party property developers leveraging the existing relationship between the acquired property management companies and such independent third-party property developers, and seek opportunities to further procure property management service contracts for other property projects developed by them. See "Future Plans and Use of Proceeds—Use of Proceeds—Plans for Strategic Acquisitions and Investments—Implementation of Acquisition Plan" for details. We also have an incentive mechanism in place to motivate our teams for successful market development with independent third-party property developers. Specifically, we primarily provide incentives for information on business opportunities, the amount of which varies based on the potential value of the business opportunities, and incentives at headquarters and regional company level for successful conclusion of cooperation arrangements with Independent Third Parties.

As we started to allocate resources to speed up the business development with independent third-party property developers in 2020, we participated in 26 tender processes for property projects developed by independent third-party property developers. Leveraging our established market reputation and extensive property management service experience in the regions where we already have business presence, we obtained seven property management

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service contracts for property projects developed by independent third-party property developers in the Chengdu-Chongqing urban agglomeration and one in the Eastern China region, representing a bidding success rate of 30.8% in 2020. In 2021, with independent third-party property developers, we successfully obtained another seven property management service contracts and had been preparing for another two tender processes as of the Latest Practicable Date. Since the beginning of 2020, the property projects for which we obtained the property management service contracts from independent third-party developers include hospitals, schools and other types of public properties. By participating in and winning such tenders, we believe we obtained valuable market information and experience relating to the competition for property projects of different types developed by independent third-party property developers. Building on our growing experience, our brand awareness on the market and additional property projects of diverse types to be obtained from strategic acquisitions and investments, we plan to further expand our project portfolio to include more commercial properties and other types of non-residential properties developed by independent third-party property developers.

In 2020, we had been contracted to manage five property projects developed by independent third-party property developers and all five property projects had been delivered to us for property management services in 2020. As of December 31, 2020, our aggregate GFA under management of property projects developed by independent third-party property developers reached 1.1 million sq.m., representing 11.0% of our total GFA under management as of the same date. Our revenue generated from property management service provided to property projects developed by independent third-party property developers represented 2.4% of our total revenue generated from property management service segment in 2020. Since January 1, 2021, we had been contracted to manage another seven property projects developed by independent third-party property developers, and five of them had been delivered for our property management services. As of the Latest Practicable Date, we managed ten property projects developed by independent third-party property developers with an aggregate GFA under management of 1.5 million sq.m., representing 13.2% of our total GFA under management as of the same date. We plan to leverage our experience in procuring property management service contracts for property projects developed by independent third-party property developers in the Chengdu-Chongqing urban agglomeration, and continue to seek other opportunities in other regions, such as the Eastern China region. Accordingly, our Directors are of the view, and the Sole Sponsor concurs, that our measures to develop business with independent third-party property developers and reduce our reliance on New Hope Property Group, joint ventures and associates of New Hope Property Group and associates of our Controlling Shareholders are feasible and effective. We expect to be able to further expand our business scale with independent third-party property developers as we gain more experience in market development with such property developers and obtain trust from them through providing quality services to the property projects developed by them.

We also plan to expand the customer base for our value-added services to non-property owners to Independent Third Parties. In 2020, we recorded revenue of RMB3.1 million for sales office management services provided to an independent third-party property developer. As of the Latest Practicable Date, we had been actively considering collaborative arrangements



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with several independent third-party property management companies and property developers for offering our preliminary planning and design consultancy, pre-delivery, and repair and maintenance services. Our service teams are formulating service plans for preliminary planning and design consultancy, pre-delivery and repair and maintenance services to be provided for commercial properties and specialized marketing teams are being established to implementing our marketing strategies to expand the customer base for value-added services to non-property owners to Independent Third Parties.

### **Focusing on the residents' desire for a better life, connect New Hope Group's industries to continue to enhance our lifestyle services**

By focusing on the residents' desire for a better life, we plan to focus on further developing our lifestyle services, including turnkey furnishing services, convenient living services, community asset management services, online and offline retail services and catering services, marketing event organization services and community space operational services. We will continue to strengthen our cooperation with New Hope Group to make full use of its diverse industry coverage and rich resources to expand our lifestyle services. For example, based on our understanding of the customers' demands, we plan to explore the product supplies available from New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), New Hope Dairy Co., (新希望乳業股份有限公司) and diversify our product offerings for our online and offline retail services and catering services and create diversified product assortment for our customers. We also plan to enhance cooperation with companies under the New Hope Group, for example, to operate canteens and provide catering services for them. We will continue to increase the scale and offerings of our lifestyle services through organic growth and external expansion and enhance the overall living experience of our property owners and residents.

In addition, based on our national service layout, as well as our successful experience in developing new services offerings in the past, we will continue to develop new lifestyle service businesses. As part of this effort, we will explore opportunities to build competitive lifestyle businesses that can provide services to customers beyond our existing customer group, such as residents living in surrounding neighborhoods or other business customers in a variety of industries. We will also look for strategic acquisition and investment opportunities to help us continuously provide competitive lifestyle services for our consumers. We plan to use approximately 8.3% of the net proceeds from the Global Offering to acquire and invest in other companies providing lifestyle services. For more information, please refer to "Future Plans and Use of Proceeds" in this prospectus.

### **Continue to increase investments in technologies to improve service quality as well as operating efficiency**

We will continue to invest in technologies to improve our services to meet the evolving needs of customers, to build the community ecosystem, and to improve our operating efficiency. We expect to focus on the following three directions: customer service, lean management, and business development.

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*Customer service.* We plan to upgrade our lifestyle service platform and other digital platforms, improve the coverage of intelligent hardware, and accelerate the development of a big data system, in an effort to further improve our service quality, enhance the customer experience and improve customer satisfaction. We plan to upgrade our lifestyle service platform to integrate a wider range of services, and use data analysis to help improve our service offering and service quality. We will increase investment in technologies and expand their coverage in more projects under our management. We plan to provide customers with more intelligent and more secure technologies covering traffic control, security protection, environmental protection, and living scenarios. In late 2020, we established research collaboration with a prestigious comprehensive university in Sichuan province. Leveraging the university's expertise in technology and social research, we aim to gain a better understanding of the crucial elements for building better communities and to further explore the utilization of intelligent IoT system and technologies at the communities under our management. We believe the joint force of industrial and academic professionals under the concept of “build together, manage together, harvest together” (共建、共治、共享) may help us achieve better understanding on the development of communities and customer needs.

*Lean management.* We plan to upgrade our information technology platforms to improve operating efficiency. We plan to build and optimize our smart management system to manage our resources effectively and to provide data analysis to support decision-making. We will focus on the development and optimization of the systems and platforms related to our intelligent IoT system, centralized control of equipment and facilities, as well as intelligent equipment and hardware, and plan to integrate those systems with the smart management system to achieve equipment automatic inspection, malfunction early warning, centralized work order assignment, work order tracking, and work order result evaluation and analysis. We believe these measures will help further improve operational efficiency and reduce labor cost.

*Business development.* We plan to integrate business lines such as property management services, community space operation, commercial operational services, community living services onto a lifestyle service platform, backed by a single centralized background operation system and featuring a unified customer portal. We believe this will help us integrate our service offerings and allow our customers to browse and choose all of the service offerings made available to them. We plan to consolidate commercial resources in the community micro-ecosystem, and enhance merchants' capabilities in customer outreach. We plan to extend the coverage of our lifestyle service platform from the communities under our management to businesses within the five kilometer surrounding area of properties under our management, to serve customers outside the communities under our management and achieve further growth.

We plan to use approximately 15.0% of the net proceeds from the Global Offering to upgrade information systems and equipment. For more information, please refer to “Future Plans and Use of Proceeds” in this prospectus.

### **Improve the operational efficiency of commercial operational services and enhance the capability of serving communities**

We plan to continue to increase our business scale and strengthen our brands in the area of our commercial operational services. We expect to pursue our plan building on our diverse experiences in commercial operational services, gained from operating multiple full-scale commercial properties in multiple cities, and our capacity to expand based on our existing service networks.

We plan to standardize our management mechanism and streamline our operation management mechanism for our commercial operational services. We plan to establish operation standardization protocols and management systems for the purpose of energy conservation and standardization of business operation, and we also plan to streamline our internal workflows to increase our operating efficiency. By taking these initiatives, we intend to further enhance our commercial operations capabilities, which we believe will help expand the customer base of our commercial operational services to Independent Third Parties. In addition, we aim to optimize our income structure for commercial operational services. For example, we expect to effectively use our operational spaces, such as parking spaces and advertising spaces. We also intend to leverage the customer traffic at the commercial properties we manage to promote other various services that we may provide to businesses.

We plan to develop community commercial services and build a “15-minute living circle” around the communities we manage through community commercial complexes, neighborhood centers and community commercial streets, providing a wide range of services to address residents’ daily needs. We will build a three-dimensional interactive service package for our community commercial services centering on the consumer demands, daily life necessity and spiritual needs and bring a “4+X” combination of community businesses. The “4” stands for our four main types of community businesses, including premium supermarkets, living amenities, parenting and children’s facilities, and dining and entertainment venues. The “X” stands for additional service offerings we will continuously adjust and upgrade according to the residents’ constantly evolving living needs. We intend to combine local resources, cultural brands and lifestyle services industries to constantly expand the cooperation network, and upgrade the community businesses that we bring in to our community business operation. By doing so we hope to create new community commerce business lines and build the consumer centers, life centers and social centers for our customers, all with a long-term goal of building flagship community business projects and becoming a leader in community commerce in China.

In March 2021, we entered into a strategic cooperation agreement with a state-owned asset investment group in Fuzhou. Under this strategic cooperation agreement, we expect to bring our service ecosystem to the residents, businesses and governmental organizations in Gulou District, Fuzhou and actively participate in Gulou District’s effort of urban renewal and regionalization management. We intend to provide our comprehensive technology-powered property management services, commercial operational services and lifestyle services and

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explore business opportunities of lifestyle services related to, for example, sports and culture, elderly care and daycare services, under the specific project contracts to be entered into in the future within the purview of this strategic cooperation agreement.

We also plan to expand our customer base of lifestyle services to customers from property projects developed by independent third-party property developers. In 2020, we recorded revenue of RMB89.1 million from lifestyle services provided to Independent Third Parties, accounting for 76.0% of our total revenue from lifestyle services in the same year. As of the Latest Practicable Date, as a part of our catering services, we obtained the service contracts to operate canteens for two independent third-party business customers and participated in another three tender processes for catering services. We also established collaborative relationships with 14 independent third-party property management companies, two independent third-party property developers and more than 20 partners in other sectors to explore business opportunities to expand the customer base for our online and offline retail services. In addition, cooperation arrangements had been established with one independent third-party property management company and further cooperation arrangements with four other property management companies were under active consideration, in order to allow our quality community living services to reach the property owners and residents beyond the property projects under our management.

### **Continue to improve our human resources system to support business growth**

We will continue to strengthen our corporate culture of “happiness and striving to achieve” by taking “service creates value” as our driving spirit. With a view to supporting the development of our services, we will continue to optimize our organizational system to enable timely responses to changes in markets and customer demand. We plan to establish a comprehensive compensation and incentive system to further promote employees’ contribution and career development. In addition to the existing performance bonus and other incentives and rewards, we plan to formulate more effective incentive policies tailored for different business lines and key positions, and lead the team to drive business growth based on customer demand. We plan to upgrade New Hope Service Academy’s online and offline training programs to continue to improve our talent training system by continuously uploading learning materials and online courses of a variety of topics for different departments and branches, and making recordings of offline lectures available online for our employee’s easy access at any time and any location. We also plan to seek to attract talent with diversified backgrounds to join, thereby helping meet the demand for quality employees to support our rapid business development.

We plan to use approximately 5.0% of the net proceeds from the Global Offering for talent recruitment and team building. For more information, please refer to “Future Plans and Use of Proceeds” in this prospectus.

### OUR BUSINESS MODEL

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

- **Property management services:** we provide property management services to residential properties, commercial properties, and other types of non-residential properties. Our services primarily include cleaning, security, greening and landscaping and repair and maintenance services;
- **Value-added services to non-property owners:** we provide value-added services to non-property owners, including (i) sales office management services; (ii) preliminary planning and design consultancy, pre-delivery and repair and maintenance services; and (iii) other services such as construction site management services;
- **Commercial operational services:** we provide (i) market research and positioning and opening preparation services; (ii) commercial operation services, such as tenant sourcing services, tenant management services, commercial management services and marketing and promotion services; and (iii) commercial properties leasing; and
- **Lifestyle services:** we provide (i) community living services, including turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services and common area management services; (ii) community asset management services, including carpark related services and property agency services; (iii) online and offline retail services and catering services; (iv) marketing event organization services; and (v) community space operational services.

## BUSINESS

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

|   | Year ended December 31, |                     |                       |                     |                       |                     |
|---|-------------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|
|   | 2018                    |                     | 2019                  |                     | 2020                  |                     |
|   | <i>(RMB'000)</i>        | %                   | <i>(RMB'000)</i>      | %                   | <i>(RMB'000)</i>      | %                   |
| Property management services . . . . .                | 116,433                 | 45.1                | 140,708               | 37.0                | 189,724               | 32.3                |
| Value-added services to non-property owners . . . . . | 50,862                  | 19.7                | 128,402               | 33.7                | 168,335               | 28.6                |
| Commercial operational services . . . . .             | 62,373                  | 24.2                | 72,571                | 19.1                | 112,956               | 19.2                |
| Lifestyle services . . . . .                          | 28,296                  | 11.0                | 38,862                | 10.2                | 117,248               | 19.9                |
| <b>Total . . . . .</b>                                | <b><u>257,964</u></b>   | <b><u>100.0</u></b> | <b><u>380,543</u></b> | <b><u>100.0</u></b> | <b><u>588,263</u></b> | <b><u>100.0</u></b> |

The table below sets forth a breakdown of our revenue by business segments and by type of ultimate paying customers for the years indicated:

|  | Year ended December 31, |                    |                       |                    |                       |                    |
|--|-------------------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|
|  | 2018                    |                    | 2019                  |                    | 2020                  |                    |
|  | <i>(RMB'000)</i>        | %                  | <i>(RMB'000)</i>      | %                  | <i>(RMB'000)</i>      | %                  |
| <b>Property management services</b>                |                         |                    |                       |                    |                       |                    |
| New Hope Property Group . . . . .                  | 7,911                   | 3.1                | 6,506                 | 1.7                | 7,094                 | 1.2                |
| Joint venture or associates of New Hope            |                         |                    |                       |                    |                       |                    |
| Property Group . . . . .                           | 903                     | 0.4                | 501                   | 0.1                | 1,874                 | 0.3                |
| Associates of our Ultimate Controlling             |                         |                    |                       |                    |                       |                    |
| Shareholders . . . . .                             | 2,386                   | 0.9                | 1,123                 | 0.3                | 9,957                 | 1.7                |
| Independent Third Parties . . . . .                | 105,233                 | 40.8               | 132,578               | 34.8               | 170,799               | 29.0               |
| <b>Subtotal . . . . .</b>                          | <b><u>116,433</u></b>   | <b><u>45.1</u></b> | <b><u>140,708</u></b> | <b><u>37.0</u></b> | <b><u>189,724</u></b> | <b><u>32.3</u></b> |
| <b>Value-added services to non-property owners</b> |                         |                    |                       |                    |                       |                    |
| New Hope Property Group . . . . .                  | 38,439                  | 14.9               | 111,065               | 29.2               | 119,024               | 20.2               |
| Joint venture or associates of New Hope            |                         |                    |                       |                    |                       |                    |
| Property Group . . . . .                           | 12,182                  | 4.7                | 9,488                 | 2.5                | 42,861                | 7.3                |
| Associates of our Ultimate Controlling             |                         |                    |                       |                    |                       |                    |
| Shareholders . . . . .                             | 241                     | 0.1                | 1,783                 | 0.5                | 2,704                 | 0.5                |
| Independent Third Parties . . . . .                | –                       | –                  | 6,066                 | 1.6                | 3,746                 | 0.6                |
| <b>Subtotal . . . . .</b>                          | <b><u>50,862</u></b>    | <b><u>19.7</u></b> | <b><u>128,402</u></b> | <b><u>33.7</u></b> | <b><u>168,335</u></b> | <b><u>28.6</u></b> |

## BUSINESS

|   | Year ended December 31, |              |                |              |                |              |
|---|-------------------------|--------------|----------------|--------------|----------------|--------------|
|   | 2018                    |              | 2019           |              | 2020           |              |
|   | (RMB'000)               | %            | (RMB'000)      | %            | (RMB'000)      | %            |
| <b>Commercial operational services</b>                              |                         |              |                |              |                |              |
| New Hope Property Group . . . . .                                   | -                       | -            | -              | -            | 28,774         | 4.9          |
| Joint venture or associates of New Hope<br>Property Group . . . . . | -                       | -            | -              | -            | 605            | 0.1          |
| Associates of our Ultimate Controlling<br>Shareholders . . . . .    | -                       | -            | -              | -            | 1,355          | 0.2          |
| Independent Third Parties . . . . .                                 | 62,373                  | 24.2         | 72,571         | 19.1         | 82,222         | 14.0         |
| <b>Subtotal . . . . .</b>   | <b>62,373</b>           | <b>24.2</b>  | <b>72,571</b>  | <b>19.1</b>  | <b>112,956</b> | <b>19.2</b>  |
| <b>Lifestyle services</b>   |                         |              |                |              |                |              |
| New Hope Property Group . . . . .                                   | 308                     | 0.1          | 792            | 0.2          | 23,215         | 3.9          |
| Joint venture or associates of New Hope<br>Property Group . . . . . | -                       | -            | -              | -            | 3,445          | 0.6          |
| Associates of our Ultimate Controlling<br>Shareholders . . . . .    | 519                     | 0.2          | 1,207          | 0.3          | 1,465          | 0.2          |
| Independent Third Parties . . . . .                                 | 27,469                  | 10.6         | 36,863         | 9.7          | 89,123         | 15.1         |
| <b>Subtotal . . . . .</b>   | <b>28,296</b>           | <b>11.0</b>  | <b>38,862</b>  | <b>10.2</b>  | <b>117,248</b> | <b>19.9</b>  |
| <b>Total . . . . .</b>  | <b>257,964</b>          | <b>100.0</b> | <b>380,543</b> | <b>100.0</b> | <b>588,263</b> | <b>100.0</b> |

### PROPERTY MANAGEMENT SERVICES

#### Overview

We provide property developers, property owners and residents with a wide range of property management services, primarily security, cleaning, greening and landscaping, and repair and maintenance services, in addition to the routine customer services. Property portfolio under our management covers residential properties, commercial properties, such as shopping centers, shopping streets, specialty markets, office buildings and industrial parks and other types of non-residential properties. As of December 31, 2018, 2019 and 2020, our total GFA under management was approximately 5.0 million sq.m., 6.5 million sq.m. and 10.2 million sq.m., respectively. As of the Latest Practicable Date, our total GFA under management was 11.4 million sq.m. In 2018, 2019 and 2020, revenue generated from property management services amounted to RMB116.4 million, RMB140.7 million and RMB189.7 million, respectively. In 2018, 2019 and 2020, revenue generated from property management services provided to properties developed by New Hope Property Group and joint ventures or associates of New Hope Property Group amounted to RMB110.7 million, RMB133.6 million and RMB169.7 million, respectively, accounting for 95.1%, 95.0% and 89.4%, respectively, of our total revenue generated from property management services for the same periods.

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## BUSINESS

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The following table sets forth the number of our property projects and GFA under management, as well as the number of property projects we were contracted to manage and corresponding contracted GFA as of the dates indicated.

|   | As of December 31, |        |        | As of the Latest<br>Practicable Date |
|---|--------------------|--------|--------|--------------------------------------|
|   | 2018               | 2019   | 2020   |                                      |
| Number of properties we were contracted<br>to manage <sup>(1)</sup> . . . . . | 57                 | 70     | 91     | 108                                  |
| Number of properties under management <sup>(2)</sup> . . .                    | 33                 | 45     | 65     | 74                                   |
| Contracted GFA ( <i>sq.m. in thousands</i> ) . . . . .                        | 9,722              | 11,932 | 15,323 | 17,930                               |
| GFA under management ( <i>sq.m. in thousands</i> ) . .                        | 5,023              | 6,535  | 10,241 | 11,407                               |

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*Notes:*

- (1) Refers to all properties for which we have entered into the relevant operating property management service agreements, which may include properties that have not been delivered to us for property management purposes in addition to properties under management.
- (2) Refers to properties that have been delivered to us for property management purposes.



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

|  | As of or for the year ended December 31, |                                     |                      |                    |                                     |                      |                    |                                     |                      |              |
|--|--|-------------------------------------|----------------------|--------------------|-------------------------------------|----------------------|--------------------|-------------------------------------|----------------------|--------------|
|  | 2018                                     |                                     |                      | 2019               |                                     |                      | 2020               |                                     |                      |              |
|  | Number of projects                       | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) | Number of projects | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) | Number of projects | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) | %            |
| New Hope Property Group <sup>(1)</sup>                                 | 28                                       | 4,189                               | 104,519              | 38                 | 5,677                               | 127,008              | 47                 | 6,998                               | 150,053              | 79.0         |
| Joint ventures or associates of New Hope Property Group <sup>(2)</sup> | 3  | 695                                 | 6,154                | 3                  | 695                                 | 6,608                | 8                  | 1,937                               | 19,627               | 10.4         |
| Associates of our Ultimate Controlling Shareholders <sup>(3)</sup>     | 2  | 139                                 | 5,760                | 4                  | 163                                 | 7,092                | 5                  | 178                                 | 15,482               | 8.2          |
| Independent Third Parties <sup>(4)</sup>                               | -  | -                                   | -                    | -                  | -                                   | -                    | 5                  | 1,128                               | 4,562                | 2.4          |
| <b>Total</b>   | <b>33</b>                                | <b>5,023</b>                        | <b>116,433</b>       | <b>45</b>          | <b>6,535</b>                        | <b>140,708</b>       | <b>65</b>          | <b>10,241</b>                       | <b>189,724</b>       | <b>100.0</b> |

Notes:

- Refers to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers in which New Hope Property Group held a controlling interest.
- Refer to properties developed by joint ventures or associates of New Hope Property Group, including Sichuan New Hope Industrial Co., Ltd. (四川新希望實業有限公司), Chengdu Shenlong Real Estate Development Co., Ltd. (成都申龍房地產開發有限公司), Sichuan Dongjin Tourism Development Co., Ltd. (四川東進新希望旅遊開發有限公司), Jiaxing Xinjin Properties Co., Ltd. (嘉興新錦置業有限公司), Ningbo Chenxin Properties Co., Ltd. (寧波辰新置業有限公司), Guangxi Tangsheng Investment Co., Ltd. (廣西唐昇投資有限公司), and Nanning Xinyong Properties Co., Ltd. (南寧新邕置業有限公司).
- Refer to properties developed by other associates of our Ultimate Controlling Shareholders, including Sichuan Huaxi Dairy Co., Ltd. (四川華西乳業有限公司), New Hope Liuhe Fodder Corp. (新希望六和飼料股份有限公司), Chengdu Jinjiang Xiaokang Comprehensive Outpatient Department Co., Ltd. (成都錦江曉康之家綜合門診部有限公司), Sichuan Xinwang Bank Co., Ltd. (四川新網銀行股份有限公司), Chengdu Xinlimei Beauty Hospital Co., Ltd. (成都新麗美醫療美容醫院有限公司).
- Refer to properties solely developed by independent third-party property developers.

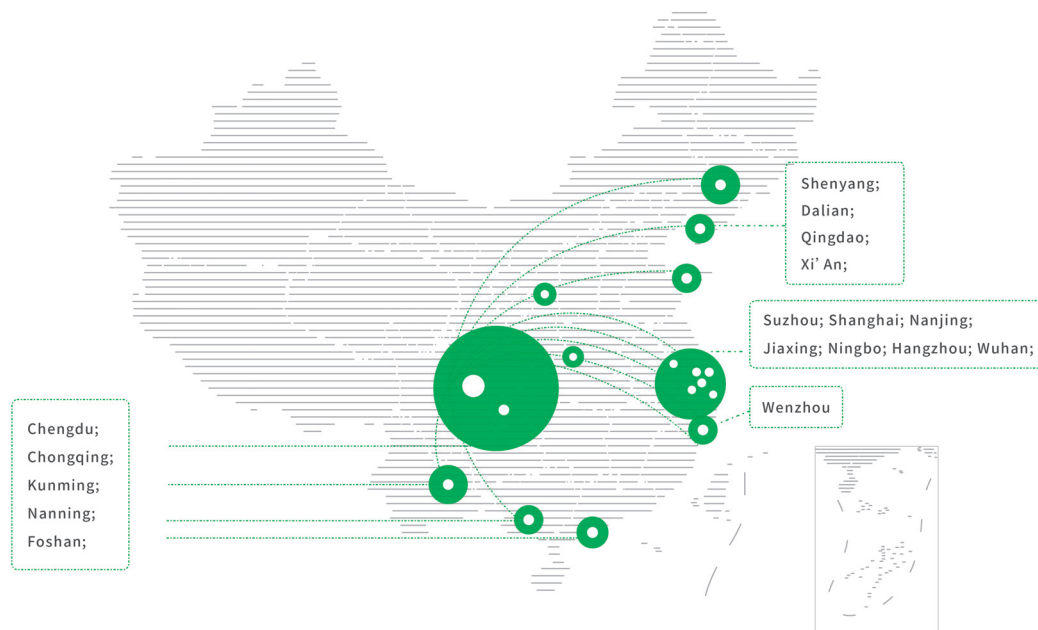
## BUSINESS

We primarily manage residential properties. We also manage non-residential properties which includes (i) commercial properties, such as shopping centers, shopping streets, specialty markets, office buildings, industrial parks and (ii) other types of non-residential properties, including public facilities, culture and tourism sites and healthcare facilities. The following table sets forth a breakdown of our total GFA under management by property type as of the dates indicated, and revenue from property management services by property type for the years indicated:

|   | As of or for the year ended December 31, |  |                      |              |                          |  |                      |              |                          |  |                      |              |
|---|--|--|----------------------|--------------|--------------------------|--|----------------------|--------------|--------------------------|--|----------------------|--------------|
|   | 2018                                     |  |                      |              | 2019                     |  |                      |              | 2020                     |  |                      |              |
|   | Number<br>of<br>projects                 | GFA under<br>management<br>(sq.m.'000) | Revenue<br>(RMB'000) | %            | Number<br>of<br>projects | GFA under<br>management<br>(sq.m.'000) | Revenue<br>(RMB'000) | %            | Number<br>of<br>projects | GFA under<br>management<br>(sq.m.'000) | Revenue<br>(RMB'000) | %            |
| <b>Residential</b> . . . . .                          | 20                                       | 3,245                                  | 62,459               | 53.6         | 28                       | 4,594                                  | 88,908               | 63.2         | 40                       | 6,951                                  | 112,452              | 59.3         |
| <b>Non-residential</b>                                |  |  |                      |              |                          |  |                      |              |                          |  |                      |              |
| Commercial properties . . . . .                       | 13                                       | 1,778                                  | 53,974               | 46.4         | 16                       | 1,930                                  | 51,006               | 36.2         | 18                       | 2,100                                  | 70,420               | 37.1         |
| Other types of non-residential<br>properties. . . . . | -  | -                                      | -                    | -            | 1                        | 11                                     | 794                  | 0.6          | 7                        | 1,190                                  | 6,852                | 3.6          |
| <b>Total</b> . . . . .                                | <b>33</b>                                | <b>5,023</b>                           | <b>116,433</b>       | <b>100.0</b> | <b>45</b>                | <b>6,535</b>                           | <b>140,708</b>       | <b>100.0</b> | <b>65</b>                | <b>10,241</b>                          | <b>189,724</b>       | <b>100.0</b> |

### **Our Geographical Presence**

Since our inception in Chengdu, Sichuan Province in 2010, we have expanded our geographic presence for property management services to 17 cities across the PRC as of December 31, 2020. As of the same date, we had a total of 65 property projects under management with an aggregate GFA under management of 10.2 million sq.m. As of the same date, we were contracted to manage 91 projects with a total contracted GFA of 15.3 million sq.m. The map below illustrates the cities in which we had projects under management and contracted but undelivered projects as of December 31, 2020:



Among the cities in which we have a our presence, we primarily focused on Chengdu, Wenzhou, Nanning and Kunming. As of December 31, 2019, the market size of Chengdu's property management industry in terms of GFA was approximately 551.7 million sq.m., and our aggregate GFA under management in Chengdu as of the same date amounted to approximately 2.1 million sq.m., accounting for approximately 0.4% of the total market share of Chengdu's property management industry. As of December 31, 2019, the market size of Wenzhou's property management industry in terms of GFA was approximately 180.4 million sq.m., and our aggregate GFA under management in Wenzhou as of the same date amounted to approximately 1.6 million sq.m., accounting for approximately 0.9% of the total market share of Wenzhou's property management industry. As of December 31, 2019, the market size of Nanning's property management industry in terms of GFA was approximately 359.4 million sq.m., and our aggregate GFA under management in Nanning as of the same date amounted to approximately 1.0 million sq.m., accounting for approximately 0.3% of the total market share of Nanning's property management industry. As of December 31, 2019, the market size of Kunming's property management industry in terms of GFA was approximately 397.8 million sq.m., and our aggregate GFA under management in Kunming as of the same date amounted to approximately 1.3 million sq.m., accounting for approximately 0.3% of the total market share of Kunming's property management industry.

## BUSINESS

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

|                                    | As of or for the year ended December 31, |                  |              |                         |                  |              |                         |                  |              |
|------------------------------------|--|------------------|--------------|-------------------------|------------------|--------------|-------------------------|------------------|--------------|
|                                    | 2018                                     |                  |              | 2019                    |                  |              | 2020                    |                  |              |
|                                    | GFA under<br>management                  | Revenue          |              | GFA under<br>management | Revenue          |              | GFA under<br>management | Revenue          |              |
|                                    | <i>(sq.m.'000)</i>                       | <i>(RMB'000)</i> | %            | <i>(sq.m.'000)</i>      | <i>(RMB'000)</i> |              | <i>(sq.m.'000)</i>      | <i>(RMB'000)</i> | %            |
| <b>Southwestern China region</b>   |  |                  |              |                         |                  |              |                         |                  |              |
| Chengdu . . . . .                  | 2,115                                    | 59,803           | 51.4         | 2,139                   | 67,704           | 48.1         | 3,309                   | 84,920           | 44.7         |
| Kunming . . . . .                  | 1,265                                    | 17,774           | 15.3         | 1,265                   | 18,218           | 12.9         | 1,766                   | 14,525           | 7.7          |
| Chongqing <sup>(1)</sup> . . . . . | -  | -                | -            | -                       | -                | -            | 115                     | -                | -            |
| <b>Eastern China region</b>        |  |                  |              |                         |                  |              |                         |                  |              |
| Wenzhou . . . . .                  | 584                                      | 12,519           | 10.8         | 1,555                   | 27,963           | 19.9         | 1,964                   | 40,609           | 21.4         |
| Shanghai . . . . .                 | 42                                       | 5,082            | 4.4          | 42                      | 5,065            | 3.6          | 42                      | 5,063            | 2.7          |
| Suzhou . . . . .                   | -  | -                | -            | -                       | -                | -            | 357                     | 3,586            | 1.9          |
| Jiaxing . . . . .                  | -  | -                | -            | -                       | -                | -            | 199                     | 2,794            | 1.5          |
| Ningbo . . . . .                   | -  | -                | -            | -                       | -                | -            | 402                     | 3,238            | 1.7          |
| <b>Southern China region</b>       |  |                  |              |                         |                  |              |                         |                  |              |
| Nanning . . . . .                  | 521                                      | 11,407           | 9.8          | 1,002                   | 10,829           | 7.7          | 1,499                   | 20,380           | 10.7         |
| <b>Northern China region</b>       |  |                  |              |                         |                  |              |                         |                  |              |
| Dalian . . . . .                   | 364                                      | 5,555            | 4.8          | 364                     | 5,555            | 3.9          | 421                     | 6,769            | 3.6          |
| Shenyang . . . . .                 | 68                                       | 1,916            | 1.5          | 105                     | 2,575            | 1.9          | 104                     | 4,739            | 2.5          |
| Qingdao . . . . .                  | 63                                       | 2,224            | 1.9          | 63                      | 2,799            | 2.0          | 63                      | 3,101            | 1.6          |
| Hohhot <sup>(2)</sup> . . . . .    | -  | 153              | 0.1          | -                       | -                | -            | -                       | -                | -            |
| <b>Total . . . . .</b>             | <b>5,023</b>                             | <b>116,433</b>   | <b>100.0</b> | <b>6,535</b>            | <b>140,708</b>   | <b>100.0</b> | <b>10,241</b>           | <b>189,724</b>   | <b>100.0</b> |

**Notes:**

- (1) We started to manage one project in Chongqing with approximately GFA of 115,000 sq.m. in late December 2020, which was ahead of its original schedule of January 2021. Our property management fees for this property project started accruing since January 1, 2021, according to the relevant property management service agreement.
- (2) Hohhot New Hope Property Service Co., Ltd. managed one project with approximately 720,000 sq.m. of GFA under management during 2018 before all of our Group's equity interests in it were disposed to a third party in April 2018.

## BUSINESS

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

|   | As of or for the year ended December 31, |                  |              |                         |                  |              |                         |                  |              |
|---|--|------------------|--------------|-------------------------|------------------|--------------|-------------------------|------------------|--------------|
|   | 2018                                     |                  |              | 2019                    |                  |              | 2020                    |                  |              |
|   | GFA under<br>management                  | Revenue          |              | GFA under<br>management | Revenue          |              | GFA under<br>management | Revenue          |              |
|   | <i>(sq.m.'000)</i>                       | <i>(RMB'000)</i> | %            | <i>(sq.m.'000)</i>      | <i>(RMB'000)</i> | %            | <i>(sq.m.'000)</i>      | <i>(RMB'000)</i> | %            |
| First-tier city <sup>(1)</sup> . . .              | 42                                       | 5,082            | 4.4          | 42                      | 5,065            | 3.6          | 42                      | 5,063            | 2.7          |
| New first-tier<br>cities <sup>(2)</sup> . . . . . | 2,247                                    | 63,943           | 54.8         | 2,308                   | 73,078           | 52.0         | 3,948                   | 96,345           | 50.7         |
| Second-tier<br>cities <sup>(3)</sup> . . . . .    | 2,734                                    | 47,255           | 40.7         | 4,185                   | 62,565           | 44.4         | 6,251                   | 88,316           | 46.6         |
| Others <sup>(4)</sup> . . . . .                   | –  | 153              | 0.1          | –                       | –                | –            | –                       | –                | –            |
| <b>Total</b> . . . . .                            | <b>5,023</b>                             | <b>116,433</b>   | <b>100.0</b> | <b>6,535</b>            | <b>140,708</b>   | <b>100.0</b> | <b>10,241</b>           | <b>189,724</b>   | <b>100.0</b> |

*Notes:*

- (1) First-tier city in which we provide property management services includes Shanghai.
- (2) New first-tier cities in which we provide property management services include Chengdu, Suzhou, Chongqing, Shenyang and Qingdao.
- (3) Second-tier cities in which we provide property management services include Dalian, Wenzhou, Nanning, Kunming, Ningbo and Jiaxing.
- (4) During the Track Record Period, we also provided property management services to one project in Hohhot. Hohhot New Hope Property Service Co., Ltd. managed one project with approximately 720,000 sq.m. of GFA under management during 2018 before all of our Group's equity interests in it were disposed to a third party in April 2018.

As of December 31, 2020, our total contracted GFA of undelivered projects that had not been delivered to us for property management services under preliminary property management service agreements or property management service agreements, and for which we have not begun collecting property management fees in relation to contractual obligations to provision of property management services, was approximately 5.1 million sq.m.

## BUSINESS

The table below sets forth the expiration schedule of our property management service agreements for projects under our management and contracted but undelivered projects as of December 31, 2020:

|   | Projects under management |              |                      |              | Contracted but undelivered projects |              |                      |              |
|---|---------------------------|--------------|----------------------|--------------|-------------------------------------|--------------|----------------------|--------------|
|   | GFA                       |              | Number of agreements |              | GFA                                 |              | Number of agreements |              |
|   | <i>(sq.m.'000)</i>        | %            | <i>Number</i>        | %            | <i>(sq.m.'000)</i>                  | %            | <i>Number</i>        | %            |
| Property management service agreements without fixed terms <sup>(1)</sup> . . . . . | 7,839                     | 76.5         | 50                   | 76.9         | 5,082                               | 100.0        | 26                   | 100.0        |
| Property management service agreements with fixed terms expiring in:                |                           |              |                      |              |                                     |              |                      |              |
| Year ending December 31,  |                           |              |                      |              |                                     |              |                      |              |
| 2021 . . . . .  | 1,306                     | 12.8         | 6                    | 9.2          | -                                   | -            | -                    | -            |
| Year ending December 31,  |                           |              |                      |              |                                     |              |                      |              |
| 2022 . . . . .  | 914                       | 8.9          | 7                    | 10.8         | -                                   | -            | -                    | -            |
| Year ending December 31,  |                           |              |                      |              |                                     |              |                      |              |
| 2023 . . . . .  | 182                       | 1.8          | 2                    | 3.1          | -                                   | -            | -                    | -            |
| <b>Total . . . . .</b>  | <b>10,241</b>             | <b>100.0</b> | <b>65</b>            | <b>100.0</b> | <b>5,082</b>                        | <b>100.0</b> | <b>26</b>            | <b>100.0</b> |

*Note:*

- (1) Property management service agreements without fixed terms are typically (i) agreements entered into with property developers before a property owners' association is set up, and (ii) agreements entered into with certain property developers, owners or residents with whom we had property management service agreements that had fixed terms, but such terms expired and we continue to provide services until a new property management service agreement company becomes effective. We face certain risks if such property management agreements are terminated or not renewed. See "Risk Factors—Risks Relating to Our Business and Industry—We cannot assure you that we can secure new or renew our existing property management service agreements and commercial operational service agreements on favorable terms, or at all."

We did not have any property management service contracts that expired in 2018. Among the three residential property management service contracts that expired in 2019, we voluntarily chose not to renew two contracts due to the low profit margins of the relevant property management projects. None of our property management service contracts for non-residential properties expired in 2019. In 2020, none of our property management service contracts for residential properties expired; and our renewal rate of the property management service contracts for non-residential properties was 100.0%, as we successfully renewed two property management service contracts for non-residential properties that expired in 2020.

### Scope of Services

We provide quality property management services to enhance the living experience of property owners and residents. The routine customer services we provide mainly include day-to-day service response, regular customer visits, inquiry handling, daily greetings, emergency handling, packages pickup, neighborhood relation handling and community event organization. We designate professional butlers for property owners of each household under our management in order to quickly respond to our customers' service requests. Our professional butlers coordinate our internal resources to address our customers' service needs and help to enhance our service quality. In addition, we provide the following major categories of property management services:

- *Cleaning services.* We provide cleaning services for property units and common areas such as staircases, hallways, exterior walls and basements. We provide our cleaning services through our own employees and third-party subcontractors.
- *Security services.* We seek to ensure that the properties we manage are safe and in good order. The security services we provide on a daily basis include, among others, traffic management, patrolling, video surveillance, car park security, emergency response, entry control and visitor management. We provide our security services primarily through our own employees and third-party subcontractors.
- *Greening and landscaping services.* We provide landscaping services which include pest controlling, pruning, plant watering and fertilization for the greenery of our managed properties. We generally provide landscaping services through our own employees and third-party subcontractors.
- *Repair and maintenance services.* We are generally responsible for ensuring elevator systems, power supply and distribution systems, water supply and drainage systems, fire extinguishing systems, lighting system and other facilities, and equipment located in common areas are in good working order. We generally provide repair and maintenance services through our own employees and third-party subcontractors.

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### Growth of Our Project Portfolio

As of December 31, 2018, 2019 and 2020, we had 33, 45 and 65 projects under management, respectively. As of the same dates, our total GFA under management was approximately 5.0 million sq.m., 6.5 million sq.m. and 10.2 million sq.m., respectively. We have been growing our project portfolio during the Track Record Period primarily by obtaining new property management service agreements.

During the Track Record Period, our agreement retention rates remained relatively favorable, which we believe reflects on our capabilities in offering quality property management services. In 2018, 2019 and 2020, our overall property management service agreement retention rates were 100.0%, 97.1% and 100.0%, respectively. During the Track Record Period, our property management service agreement retention rates for residential properties were 100.0%, 96.2% and 100.0%, respectively, and our property management service agreement retention rate for non-residential properties was 100.0% during the same years. In 2019, our retention rate was lower than 100%, primarily because we voluntarily withdrew from two residential property management projects due to their low profit margin. We terminated the two property management service agreements due to our own commercial consideration, and none of our property management service agreements was terminated or not renewed upon expiration by property owners' associations or property owners. Certain of our property management service agreements did not stipulate a notice period for termination of the agreements, and under other property management service agreements, such notice period ranges from 30 days to three months.

The table below presents the movement of our contracted GFA and GFA under management during the Track Record Period:

|  | As of or for the year ended December 31, |                         |                   |                         |                   |                         |
|--|--|-------------------------|-------------------|-------------------------|-------------------|-------------------------|
|  | 2018                                     |                         | 2019              |                         | 2020              |                         |
|  | Contracted<br>GFA                        | GFA under<br>management | Contracted<br>GFA | GFA under<br>management | Contracted<br>GFA | GFA under<br>management |
|  | <i>(sq.m.'000)</i>                       |                         |                   |                         |                   |                         |
| As of the beginning of the period . . . . .  | 6,470                                    | 4,344                   | 9,722             | 5,023                   | 14,655            | 6,535                   |
| New engagements <sup>(1)</sup> . . . . .     | 3,252                                    | 679                     | 2,304             | 1,606                   | 859               | 3,896                   |
| Terminations <sup>(2)</sup> . . . . .        | -  | -                       | 286               | 286                     | -                 | -                       |
| <b>As of the end of the period . . . . .</b> | <b>9,722</b>                             | <b>5,023</b>            | <b>11,932</b>     | <b>6,535</b>            | <b>15,323</b>     | <b>10,241</b>           |

*Notes:*

- (1) Primarily include (i) preliminary property management service agreements for new projects developed by property developers and (ii) property management service agreements to replace the relevant projects' previous property management service providers. The renewed agreements are not regarded as the new engagements that we entered into during such year. The newly engaged GFA under management includes the newly delivered GFA we contracted in the previous year.



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- (2) Primarily include our non-renewal of certain property management service agreements as we reallocated our resources to more profitable engagements to optimize our project portfolio. We terminated the property management service agreement for Liti City – Lingjiangting (立體城 – 凌江庭) project with approximately 191,287 sq.m. of GFA under management in 2019. Pursuant to the relevant agreement, we still managed this project as of December 31, 2019 and ceased to manage this project as of January 1, 2020.

### Property Management Fees

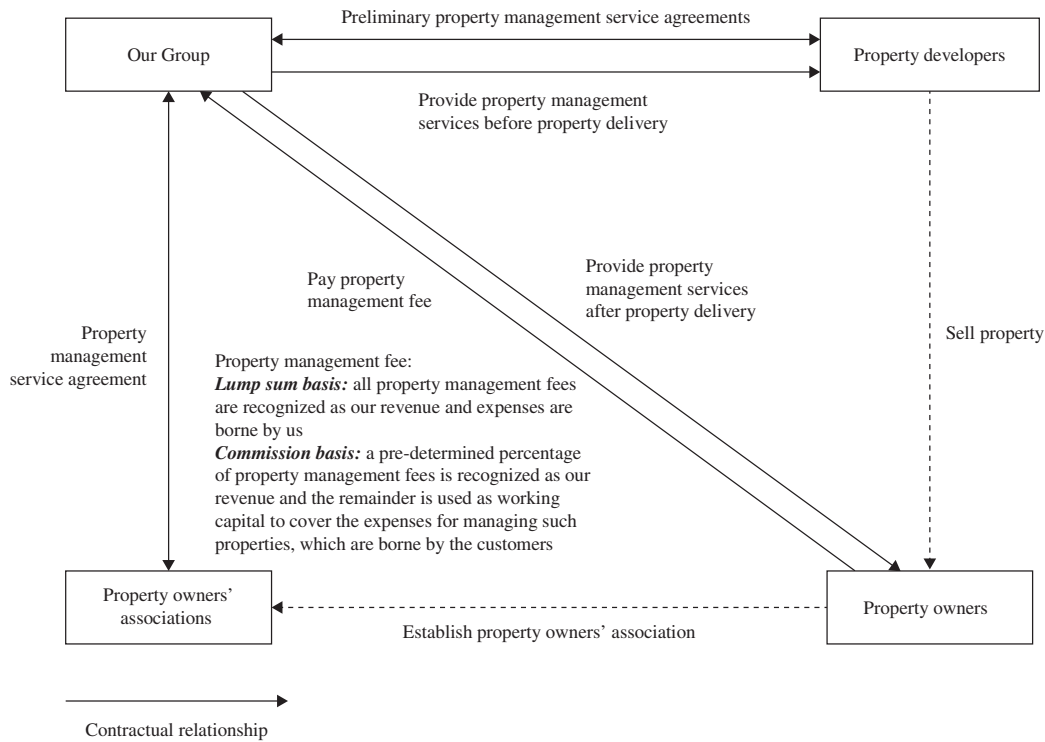
During the Track Record Period, a substantial portion of our property management fees were charged on a lump sum basis, with the remainder charged on a commission basis. In 2018, 2019 and 2020, 98.3%, 98.0% and 99.2%, respectively, of our revenue generated from property management services was charged on a lump sum basis, while 1.7%, 2.0% and 0.8%, respectively, of our revenue generated from property management services was charged on a commission basis for those same periods. 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 under the property management service segment, for which we generally charge our customers on a lump sum basis.”

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

|                            | As of or for the year ended December 31, |                |                    |                         |                |                    |                         |                |              |
|----------------------------|--|----------------|--------------------|-------------------------|----------------|--------------------|-------------------------|----------------|--------------|
|                            | 2018                                     |                |                    | 2019                    |                |                    | 2020                    |                |              |
|                            | GFA under<br>management                  | Revenue        |                    | GFA under<br>management | Revenue        |                    | GFA under<br>management | Revenue        |              |
| <i>(sq.m.'000)</i>         | <i>(RMB'000)</i>                         | %              | <i>(sq.m.'000)</i> | <i>(RMB'000)</i>        | %              | <i>(sq.m.'000)</i> | <i>(RMB'000)</i>        | %              |              |
| Lump sum basis . . . . .   | 4,843                                    | 114,444        | 98.3               | 6,355                   | 137,950        | 98.0               | 10,061                  | 188,244        | 99.2         |
| Commission basis . . . . . | 180                                      | 1,989          | 1.7                | 180                     | 2,758          | 2.0                | 180                     | 1,480          | 0.8          |
| <b>Total. . . . .</b>      | <b>5,023</b>                             | <b>116,433</b> | <b>100.0</b>       | <b>6,535</b>            | <b>140,708</b> | <b>100.0</b>       | <b>10,241</b>           | <b>189,724</b> | <b>100.0</b> |

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We take into account a number of factors in determining whether to charge fees on a lump sum or commission basis, including, but not limited to, local regulations, personalized requirements specified by property developers or property owners’ associations, affordability of property management fee and quality expectation of the property owners, local market conditions, projected profitability and the nature and characteristics of individual properties, and determine the fee model on a case-by-case basis. The following diagram illustrates the two fee models under which we manage these properties:



### ***Property Management Fees Charged on a Lump Sum Basis***

Under the lump sum fee model, we charge a fixed and “all-inclusive” fee for our property management services, and our property management fees are typically charged on a monthly, quarterly or annually basis, depending on the terms of our property management service agreements. We are entitled to retain the full amount of property management fees collected from property developers, property owners and residents as revenue and bear the costs incurred in providing our property management services. According to Savills and EH Consulting, the lump sum fee model is the prevailing method of collecting property management fees in China, especially in relation to residential properties. See “Industry Overview—The Property Management Industry in China—Fee Models in the Property Management Industry.”

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Prior to negotiating and entering into our property management service agreements, we seek to prepare, as accurately as possible, an estimate of our cost of sales. Our cost of sales represents costs directly attributable to the provision of our services and primarily includes (i) staff costs; (ii) outsourcing labor costs; (iii) office expenses; (iv) maintenance costs; (v) energy and resources expenses; and (vi) depreciation and amortization charges. As we bear such expenses ourselves, our profit margins are affected by our ability to lower our cost of sales. In the event that our cost of sales is higher than anticipated, we may not be able to collect additional amounts from our customers to sustain our profit margins. 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 under the property management service segment, for which we generally charge our customers on a lump sum basis.” During the Track Record Period, we incurred losses for two property projects under our management. In 2018, 2019 and 2020, such losses were RMB0.2 million, RMB0.5 million and nil, respectively, with respect to one, one and nil property project under our management, respectively. After December 31, 2020 and up to the Latest Practicable Date, we did not record losses for any property project. We recorded losses for one property project in 2018 because this is a relatively small residential property project and the property management fees collected from this property project were insufficient to cover the service costs incurred to offer quality property management services. We subsequently improved our operation efficiency by cutting unnecessary costs and did not record losses for this property project after 2018. We recorded losses for another property project in 2019 because we just started managing this property project in 2019 and invested relatively more resources on staffing and supplies into this property project to build customer trust as it was our first healthcare facility under management. We did not record losses for this property project after 2019. Our revenue from the property management services under the property management service segment from such loss-making property projects was approximately RMB2.1 million, RMB1.5 million and nil in 2018, 2019 and 2020, respectively, representing 0.8%, 0.4% and nil of our total revenue for the same periods, respectively.

We have implemented various measures including (i) conducting cost analysis prior to determine our resources to be allocated to a property project based on our expected gross profit margin, and conducting regular budget reviews to prevent or reduce any losses; and (ii) implementing various technological solutions and standardized procedures to reduce costs and prevent or reduce any losses. For instance, by using our LCM system and RMA system at our managed properties, we could essentially reduce the reliance on manual labor and in turn save our labor costs for maintaining our equipment and facilities. In addition, our CRM system may standardize our service procedure and our performance evaluation by transparently assigning work orders, tracking the processing stages and monitoring our performance, helping us improve our service efficiency. For more information, see “—Information Technology Platform.” We believe these measures may help us minimize the occurrence of losses from property management projects for which we charge property management fees on a lump-sum basis and from operation of commercial property projects.

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### *Property Management Fees Charged on a Commission Basis*

Under the commission fee model, our commission fees either represent a pre-determined percentage of the total amount of property management fees payable by our customers on a monthly, quarterly or annually basis, which generally represents approximately 10.0% of the property management fee payable to us under the relevant property management service agreement, or a fixed amount on top of the service costs. We recognize the commission fee as revenue, while the remainder of the property management fee collected is used as working capital to cover the costs we incur in providing our property management services. Such costs are borne by customers who pay us property management fees.

When we contract to manage property projects on a commission basis, we essentially act as an agent of the property owners and residents. As the management offices of these residential communities or non-residential properties have no separate bank accounts, all transactions related to such management offices are settled through our accounting department. As of the end of a reporting period, if the working capital of a management office accumulated in our treasury function is insufficient to cover the expenses the management office has incurred as of that reporting period and paid through our treasury function to arrange for property management services at the relevant residential community, the shortfall is recognized as other receivables subject to impairment.

Under the commission fee model, we are not entitled to any excess of the property management fees paid by customers over the costs and expenses associated with the provision of services to the property. Therefore, we do not recognize any direct costs under property management service agreements charged on a commission basis in general. Such costs are borne by the customers.

### **Tender Process**

During the Track Record Period, all of our property management service agreements for residential properties were obtained by participating in tenders, a process whereby property developers or property owners' associations evaluate and select from multiple property management service providers. Invitations to tenders are usually issued by property developers for properties under development, or from property owners' associations for residential communities. Under PRC laws and regulations, property management companies are required to obtain preliminary property management service agreements for residential properties through participation in the tender process. If there are fewer than three bidders or it is for small-scale properties, the property developer can select and hire qualified property management company by directly entering into an agreement with the approval of the real estate administrative department of the relevant district or county government where the property is located. See "Regulatory Overview—Regulations on Property Management Service—Regulations on Appointing the Property Management Enterprise." A tender process is also required for engaging property management service providers for services over a

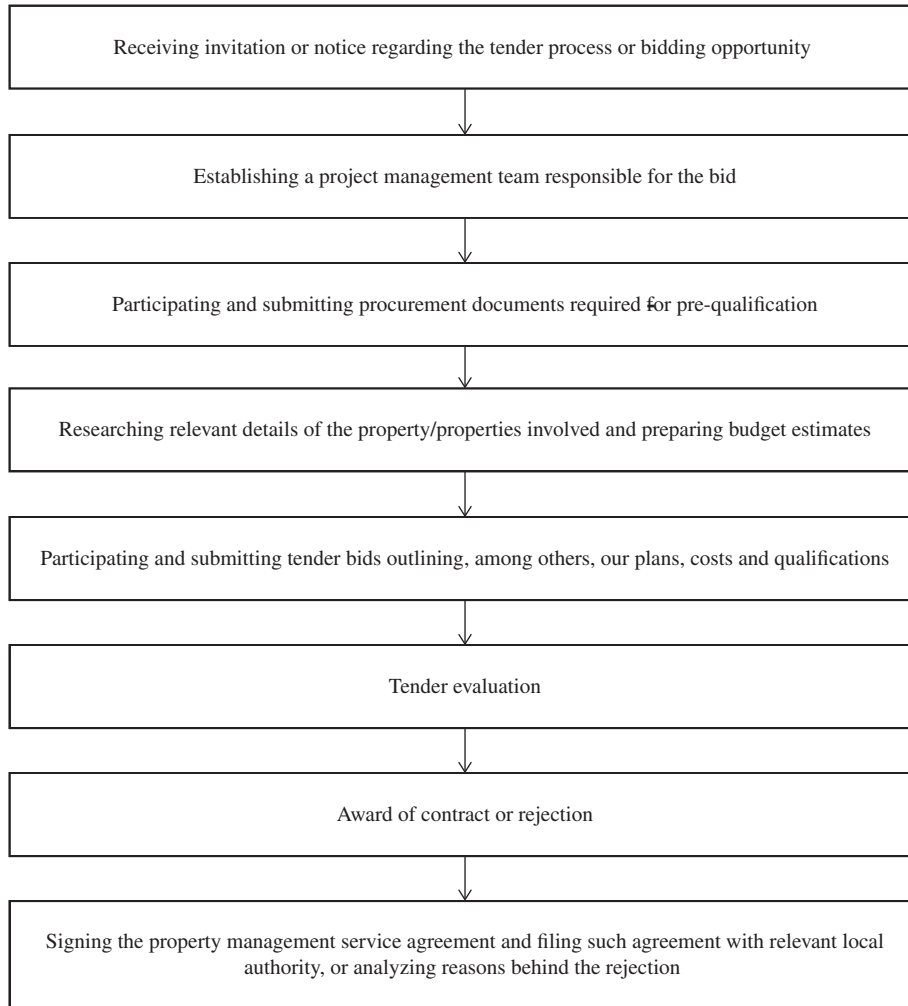
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designated amount in relation to non-residential properties owned by the PRC government agencies, institutions or organizations according to the Government Procurement Law of the PRC (《政府採購法》) and relevant laws and regulations.

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



During the Track Record Period, our bidding success rate for properties developed by New Hope Property Group and joint ventures or associates of New Hope Property Group was 100%. We obtained property management services contracts for properties developed by other associates of our Ultimate Controlling Shareholders through commercial negotiations and did not participate in tender processes for such properties because such property projects are commercial properties and tender processes were not required under the applicable PRC laws and regulations. As we started to explore opportunities to manage properties developed by independent third-party property developers, we participated in two tender processes in 2019 and did not obtain the property management service contracts. Our bidding success rate for properties developed by independent third-party property developers significantly improved as we recorded a bidding success rate of 30.8% in 2020, during which we participated in 26 tender

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processes and successfully obtained eight property management service contracts. The relatively low bidding success rate for projects developed by independent third-party property developers was primarily due to (i) our effort to explore more business opportunities and to obtain valuable market information and experience relating to the competition for property projects developed by independent third-party property developers by actively participating in many tender and bidding processes and (ii) the necessary time to take in order to gain the trust and confidence from independent third-party property developers to establish cooperative relationships with them. In order to further enhance our capabilities with respect to developing business with independent third-party property developers, we established a cooperation development center at the headquarter level and cooperation development departments at regional company level in 2020 to take charge of developing business with independent third-party property developers. Our professional teams at the cooperation development departments explore business opportunities through websites or other platforms on which property developers, property owner associations, stated-owned enterprises, government agencies and commercial banks announce tender opportunities, or uncovering business opportunities by way of recommendation or frequent communication with customers, local tendering agencies, and other industry players. We also have an incentive mechanism in place to motivate our teams. We also organize events to promote or showcase our service offerings during holidays or other occasions.

### **Property management service agreements**

We generally enter into preliminary property management service agreements with property developers. A preliminary property management service agreement is a type of property management service agreement that we enter into at the construction and pre-delivery stage of property development projects.

In relation to the residential properties that have already been delivered, but where the property owners' associations have not been established, we provide property management services to property owners and residents pursuant to the preliminary property management service agreements that we entered into with the property developer. We generally start providing property management services to residential properties to property owners after property developers have delivered the properties to them. The delivery time from property developer to property owner is generally set forth according to the purchase agreement entered into between them. In relation to the residential properties that have already been delivered and where property owners' associations have been established, we enter into property management service agreements with property owners' associations on behalf of property owners. As of December 31, 2018, 2019 and 2020, the number of properties under our management that had established property owners' associations was two, three and six, respectively, which accounted for approximately 10.0%, 10.7% and 15.0%, respectively, of the total number of residential properties under our management. During the Track Record Period, property owners' associations had been established in six property projects that we managed under preliminary property management service agreements and we successfully entered into new property management service agreements or had continued to provide services under the preliminary property management service agreements with the property owners' associations

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for five of these property projects. With respect to each of these property projects, there were no material differences in terms of property management fee level or scope of services between the preliminary property management service agreement and the property management service agreement with property owners' association. We chose not to enter into a property management service agreement with the property owners' association for one property project due to its low profit margin.

Under the Civil Code and relevant PRC laws and regulations, as advised by our PRC Legal Advisor, there is no compulsory requirement for property owners of non-residential properties to form property owners' associations. During the Track Record Period, no property owners' associations were established for non-residential properties under our management for which we provide property management services under property management service agreements with the property developers, property owners or tenants.

During the Track Record Period, a majority of our revenue from property management services was generated from preliminary property management service agreements entered into with property developers. After reviewing the relevant property management service agreements, Savills and EH Consulting, our industry consultants, are of the view that the key terms of our property management service agreements with New Hope Property Group, joint ventures and associates of New Hope Property Group and associates of our Controlling Shareholders are in line with the industry norm.

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

|  | As of or for the year ended December 31, |                         |              |                   |                         |              |                   |                         |                |
|--|--|-------------------------|--------------|-------------------|-------------------------|--------------|-------------------|-------------------------|----------------|
|  | 2018                                     |                         |              | 2019              |                         |              | 2020              |                         |                |
|  | Contracted<br>GFA                        | GFA under<br>management | Revenue      | Contracted<br>GFA | GFA under<br>management | Revenue      | Contracted<br>GFA | GFA under<br>management | Revenue        |
|  | (sq.m.'000)                              | (RMB'000)               | %            | (sq.m.'000)       | (RMB'000)               | %            | (sq.m.'000)       | (RMB'000)               | %              |
| Residential properties   |  |                         |              |                   |                         |              |                   |                         |                |
| Preliminary stages <sup>(1)</sup>                                      | 7,571                                    | 53,624                  | 46.0         | 9,393             | 4,180                   | 56.9         | 11,243            | 6,295                   | 94,641         |
| Property owners' associations stage <sup>(2)</sup>                     | 238                                      | 8,835                   | 7.6          | 414               | 414                     | 6.3          | 656               | 656                     | 17,811         |
| Commercial properties and other types of<br>non-residential properties | 1,913                                    | 53,974                  | 46.4         | 2,125             | 1,941                   | 36.8         | 3,424             | 3,290                   | 77,272         |
| <b>Total</b>   | <b>9,722</b>                             | <b>116,433</b>          | <b>100.0</b> | <b>11,932</b>     | <b>6,535</b>            | <b>100.0</b> | <b>15,323</b>     | <b>10,241</b>           | <b>189,724</b> |

*Notes:*

- (1) Include stages at which a project has been delivered, but the property owners' association has not been established.
- (2) Include property management projects where we rendered services after property owners' associations were established.



### *Key Terms of Dealing with Property Developers*

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

- *Scope of services.* A typical preliminary property management service agreement with property developer sets out the required services, including customer service, cleaning services, security services, greening and landscaping services and repair and maintenance services. We may also provide other customized services, such as collecting utility fees and club and car park management services.
- *Performance standards.* The preliminary property management service agreements set forth the scope and expected standards, such as the areas to which our services are related, as well as the requirements, frequency and standards for the performance of our services.
- *Property management fees.* The preliminary property management service agreements set forth the amount of property management fees payable on a lump sum or commission basis. The property developer is typically responsible for paying the property management fees for the units that remain unsold. If we agree to manage car parks, the preliminary property management service contract will also specify the fees payable for such services. For overdue property management fees, property developers should pay an overdue penalty as specified in the agreement.
- *Property developer's obligations.* The property developer is primarily responsible for, among others, ensuring that its property buyers understand and confirm their obligations in relation to follow the community management protocol and property management services provided by us and providing us with office facilities and other support necessary for carrying out our contractual obligations.
- *Term of service and termination.* Our preliminary property management service agreements generally do not have a fixed terms and will terminate when a property owners' association is established and a new property management service agreement is entered into.
- *Dispute resolution.* Parties to the property management service agreement are typically required to resolve any contractual disputes through negotiations first before resorting to litigation or arbitration.

After delivery of the projects by property developers to the property owners, property owners may form and operate property owners' associations to manage the projects. According to the Civil Code, property owners have the right to establish property owners' associations at property owners' meeting, and a preliminary property management service agreement entered into between a property developer and a property management service company in accordance with the PRC laws and regulations is legally binding on the relevant property owners.

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According to the Regulations on Property Management (《物業管理條例》), a sales contract concluded by a property developer and a property buyer shall include the contents stipulated in the relevant preliminary property management service agreement. Therefore, as advised by our PRC Legal Advisor, the preliminary property management service agreements entered into with property developers in compliance with the aforementioned regulations are legally binding on the relevant future property owners as the property sale and purchase agreements that property owners enter into with property developers shall include the content of the preliminary property management service contracts. In addition, according to the Regulations on Property Management (《物業管理條例》), where there is only one owner, or where there are a few owners and they all agree not to form the property owners' general meeting, the owner(s) shall (jointly) perform the duties of the property owners' general meeting and the property owners' association. Thus, as advised by our PRC Legal Advisor, there is no compulsory requirement for property owners of non-residential properties to form property owners' associations under the Civil Code and relevant PRC laws and regulations. As for non-residential properties which have no property owners' associations, we directly negotiate and enter into contract with, and perform our property management services to, property owners after the delivery of non-residential projects by property developers to such property owners.

Once our preliminary property management service agreements have expired, we may negotiate with the newly-formed property owners' associations for the terms of new property management service agreements. The property owners' associations are independent from us. In order to secure and continue to secure property management service agreements, we must consistently provide quality services at competitive prices. According to the Civil Code, a quorum for the general meeting of the property owners to engage or dismiss a property management enterprise shall consist of the property owners who holding more than two-thirds of exclusive areas and representing more than two-thirds of the total number of property owners and shall have affirmative votes of property owners who participate in the voting and hold more than half of the exclusive area owned by the voting owners and who represent more than half of the total number of property owners participating in voting. The property owners' meeting may either hire a new property management service provider through the tender process or select one based on specific standards to do with terms and conditions of service, quality and price. See "Regulatory Overview—Regulations on Property Management Service—Regulations on Appointing the Property Management Enterprise."

### ***Key Terms of Dealing with Property Owners' Associations***

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

- *Scope of services.* We typically agree to provide property management services including cleaning services, security services, greening and landscaping services and repair and maintenance services.

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- *Performance standards.* The property management service agreement would set forth the expected standards for our property management services, including areas to which our services relate, as well as the frequency of performance of services.
- *Property management fees.* The property management fee would be payable on a lump sum or commission basis by property owners and residents according to the relevant service agreement. If we have agreed to manage car parks, the property management service agreement will also detail the fees payable for such services. For overdue property management fees, property owners and residents must pay an overdue penalty as specified in the service agreement.
- *Rights and obligations of property owners and residents.* The property owners' association is primarily responsible for, among others, ensuring that property owners and residents understand and fulfill their obligations in relation to the payment of property management fees, providing us with support necessary for carrying out our contractual obligations, and reviewing or supervising plans and budgets that we may draw up in relation to our services.
- *Terms of service and termination.* Our property management service agreements generally have a fixed term of three years. The agreements typically will specify that parties may negotiate for renewal within three months before the expiry of the agreements and if the parties do not reach new agreements, the terms of the agreements will be automatically extended for another two months, during which the parties will continue to perform under the agreements and the property owners' associations shall appoint new property management service provider. During the Track Record Period and up to the Latest Practicable Date, neither we nor any property owners' association have unilaterally terminated any property management service agreement before the end of their terms.
- *Dispute resolution.* Parties to the property management service agreement are typically required to resolve any contractual disputes through negotiations before resorting to litigation or arbitration.

Under PRC law, property owners' associations represent the interests of property owners in matters concerning property management. Decisions that are within the authorized scope of the property owners' association are binding on all property owners. Agreements between property owners' associations and property management service providers are valid and legally binding on all property owners concerned, irrespective of whether or not the property owners are individual parties to such contracts. Thus, we have legal claim rights against property owners for outstanding property management fees. Property owners have the right to be informed of and to supervise the use of common funds, review our annual budget and any plans we prepare in relation to topping-up the common funds or to our property management services

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in general. The property owner is required to pay the property management fees according to the property management service agreements. If the property owner and the resident agree that the resident shall pay the property management fee, the property owner shall be jointly and severally liable for the payment.

### ***Key Terms of Property Management Service Agreements for Non-residential Properties***

We enter into property management service agreements with customers such as property owners, tenants, occupants and property developers for the management of non-residential properties. Generally, after the properties are sold by property developers to property purchasers, the ultimate paying customers for the non-residential properties services are the property purchasers, or tenants if such properties were leased out. Prior to the sales of such properties, property developers are the ultimate paying customers. For a certain non-residential property project occupied by one institutional customer, such institutional customer generally is the ultimate paying customer. Our property management service agreements for non-residential properties typically include key terms which largely track the terms contained in property management service agreements in residential properties under our management, such as scope of services, performance standards, property management fees, the parties' respective rights and obligations, terms of service and dispute resolutions.

### **Our Pricing Policy**

We generally price our services by taking into account factors, such as characteristics, locations, our budget, target profit margins, property owners' and residents' profiles and the scope and quality of our services. We regularly evaluate our financial information to assess whether we are collecting sufficient property management fees to sustain our profit margins. During renewal negotiations for our property management service agreements, we may raise our property management fee rates as a condition precedent for continuing our services.

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. See "Regulatory Overview—Regulations on Property Management Service—Regulations on the Fees Charged by Property Management Enterprise" in this prospectus. We expect that pricing controls on residential properties will relax over time as relevant local authorities pass regulations to implement the Price Control Liberalization Circular. As of December 31, 2018, 2019 and 2020, the number of projects that were subject to government guidance price was 11, 14 and 25, respectively, with an aggregate GFA under management of 2.2 million sq.m., 2.6 million sq.m. and 4.6 million sq.m., respectively, contributing to aggregate revenue of RMB60.6 million, RMB104.4 million and RMB145.6 million in 2018, 2019 and 2020, respectively, which accounted for 23.5%, 27.4% and 24.7% of our total revenue during the same periods, respectively. All of these projects are residential properties located in new first-tier cities, such as Chengdu, Suzhou and Chongqing, and second-tier cities such as Dalian, Wenzhou, Kunming, Ningbo and Jiaxing. As advised by our PRC Legal Advisor, the property management fee charged by us complied with the relevant

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PRC laws and regulations in all material aspects in relation to such government price controls. See “Risk Factors—Risks Relating to Our Business and Industry—We are subject to the regulatory environment and measures affecting the PRC property management and real estate industries” in this prospectus.

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

|  | Year ended December 31, |              |              |
|--|-------------------------|--------------|--------------|
|  | 2018                    | 2019         | 2020         |
| Projects that are subject to government guidance price . . . . .     | 27.2%                   | 28.3%        | 32.0%        |
| Projects that are not subject to government guidance price . . . . . | 24.7%                   | 26.4%        | 30.7%        |
| <b>Total</b> . . . . .   | <b>25.4%</b>            | <b>27.1%</b> | <b>31.2%</b> |

During the Track Record Period, there were no material differences between the gross profit margins for the projects that are subject to government guidance price and those that are not.

The following table sets forth the average property management fee per sq.m. of the properties under our management by property developer type for the years indicated:

|   | Year ended December 31,          |             |             |
|---|----------------------------------|-------------|-------------|
|   | 2018                             | 2019        | 2020        |
|   | <i>(RMB per sq.m. per month)</i> |             |             |
| <b>Residential properties</b>   |                                  |             |             |
| New Hope Property Group <sup>(1)</sup> . . . . .                                    | 2.48                             | 2.79        | 2.77        |
| Joint ventures or associates of New Hope Property Group <sup>(2)</sup> . . . . .    | 2.72                             | 2.63        | 2.80        |
| Associates of our Ultimate Controlling Shareholders <sup>(3)</sup> . . . . .        | –                                | –           | –           |
| Independent Third Parties <sup>(4)</sup> . . . . .                                  | –                                | –           | –           |
| <b>Overall average property management fee for residential properties</b> . . . . . | <b>2.51</b>                      | <b>2.77</b> | <b>2.78</b> |
| <b>Non-residential properties</b>   |                                  |             |             |
| <b>Commercial properties<sup>(5)</sup></b>  |                                  |             |             |
| New Hope Property Group <sup>(1)</sup> . . . . .                                    | 5.84                             | 5.84        | 5.84        |
| Joint ventures or associates of New Hope Property Group <sup>(2)</sup> . . . . .    | 5.43                             | 5.43        | 5.43        |

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|   | Year ended December 31,          |              |             |
|---|----------------------------------|--------------|-------------|
|   | 2018                             | 2019         | 2020        |
|   | <i>(RMB per sq.m. per month)</i> |              |             |
| Associates of our Ultimate Controlling Shareholders <sup>(3)</sup> . . . . .                  | 8.09                             | 9.98         | 9.98        |
| Independent Third Parties <sup>(4)</sup> . . . . .  | –                                | –            | 2.87        |
| <b>Overall average property management fee for commercial properties</b> . . . . .            | <b>6.10</b>                      | <b>6.43</b>  | <b>6.26</b> |
| <b>Other types of non-residential properties<sup>(6)</sup></b>                                |                                  |              |             |
| New Hope Property Group <sup>(1)</sup> . . . . .  | –                                | –            | –           |
| Joint ventures or associates of New Hope Property Group <sup>(2)</sup> . . . . .              | –                                | –            | 1.79        |
| Associates of our Ultimate Controlling Shareholders <sup>(3)</sup> . . . . .                  | –                                | 19.13        | 19.45       |
| Independent Third Parties <sup>(4)</sup> . . . . .  | –                                | –            | 1.92        |
| <b>Overall average property management fee for other non-residential properties</b> . . . . . | <b>–</b>                         | <b>19.13</b> | <b>2.51</b> |
| <b>Overall average property management fee for non-residential properties</b> . . . . .       | <b>6.10</b>                      | <b>6.59</b>  | <b>5.23</b> |
| <b>Overall average property management fee</b> . . . . .                                      | <b>3.53</b>                      | <b>3.69</b>  | <b>3.44</b> |

*Notes:*

- (1) Refers to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers for which New Hope Property Group held a controlling interest.
- (2) Refer to properties developed by joint ventures or associates of New Hope Property Group, including Sichuan New Hope Industrial Co., Ltd. (四川新希望實業有限公司), Chengdu Shenlong Real Estate Development Co., Ltd. (成都申龍房地產開發有限公司), Sichuan Dongjin Tourism Development Co., Ltd. (四川東進新希望旅遊開發有限公司), Jiaying Xinjin Properties Co., Ltd. (嘉興新錦置業有限公司), Ningbo Chenxin Properties Co., Ltd. (寧波辰新置業有限公司), Guangxi Tangsheng Investment Co., Ltd. (廣西唐昇投資有限公司), and Nanning Xinyong Properties Co., Ltd. (南寧新邕置業有限公司).
- (3) Refer to properties developed by other associates of our Ultimate Controlling Shareholders, including Sichuan Huaxi Dairy Co., Ltd. (四川華西乳業有限責任公司), New Hope Liuhe Fodder Corp. (新希望六和飼料股份有限公司), Chengdu Jinjiang Xiaokang Comprehensive Outpatient Department Co., Ltd. (成都錦江曉康之家綜合門診部有限公司), Sichuan Xinwang Bank Co., Ltd. (四川新網銀行股份有限公司), Chengdu Xinlimei Beauty Hospital Co., Ltd. (成都新麗美醫療美容醫院有限公司).
- (4) Refer to properties solely developed by independent third-party property developers.
- (5) Include commercial properties, such as shopping centers, shopping streets, specialty markets, office buildings and industrial parks.
- (6) Include public facilities, culture and tourism sites and healthcare facilities.

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During the Track Record Period, the average property management fees for the other non-residential property projects developed by other associates of our Controlling Shareholders were significantly higher than those for the property projects developed by other types of property developers or those for other types of properties that we managed, primarily because the property projects developed by other associates of our Controlling Shareholders under our management are a beauty clinic and a medical examination facility in Chengdu, which generally require more staffing and supplies of higher standards, and demand more refined property management services than any other type of property projects that we managed. During the Track Record Period, the average monthly property management fees for this beauty clinic and medical examination facility reached RMB19.13 per sq.m. and RMB21.00 per sq.m., respectively. Our property management fees reflects the amount of services and high standards required for these healthcare facilities.

During the Track Record Period, the commercial properties developed by other associates of our Controlling Shareholders primarily included two quality office buildings in Chengdu. One is located near to major roads and has easy access to the metro system, and thus draws tenants who require higher quality property management services. Our average monthly property management fees for this property project reached RMB9.00 per sq.m. The other office building is located in Chengdu Hi-Tech Industrial Development Zone, a central business district in Chengdu, and is dedicated for the use of a customer in the finance industry. Our average monthly property management fees reached RMB19.50 per sq.m. for this property project due to the property management services of high-level standards. During the Track Record Period, the average property management fees for the commercial properties developed by New Hope Property Group under our management were impacted by the relatively low average property management fees charged for six property projects, which are special markets and shopping streets near residential areas with an aggregate GFA under management of approximately 1.2 million, 1.3 million sq.m. and 1.3 million as of December 31, 2018, 2019 and 2020, accounting for 75.3%, 73.2% and 74.1% of our total GFA under management for commercial properties developed by New Hope Property Group. The monthly property management fees charged for these four property projects were no more than RMB4.00 per sq.m., generally lower than those for shopping centers and office buildings but in line with the service standards required for these specific types of commercial properties. During the Track Record Period, the commercial property developed by an associate of New Hope Property Group under our management is an office building of small office/home offices near residential areas, and we charge relatively lower property management fees for this project, compared to those for quality office buildings located in key business areas. The commercial property develop by an Independent Third Party is an office building (i) occupied by a single corporate customer who requires property management service of relatively lower standards, and (ii) located near other commercial properties under our management which allows us to reduce costs by grouping our resources. Therefore, we charge relatively lower property management fees for this project. Accordingly, during the Track Record Period, the average property management fees for the commercial properties developed by other associates of our Controlling Shareholders under our management were relatively higher than those for the commercial properties developed by other type of property developers.



**Payment and Credit Terms**

We generally charge property management fees on a fixed-term basis, which may vary depending on the terms of our property management service agreements. The fees for property management services are typically due for payment by property owners and residents upon our issuance of a demand note. Property owners and residents are typically required to pay for our property management services immediately upon receipt of our demand note, which, according to Savills and EH Consulting, is consistent with the property management industry norm in the PRC. We primarily accept payments for property management fees through online transfers, bank card or third-party payment platforms, or by cash. To facilitate the timely collection of property management fees and other payments, we may send payment reminders to property developers, property owners and residents in writing on a monthly basis. If the outstanding fees remain unpaid for more than three months, our staff will visit the customer to make inquiries and may call, text or fax such customers to follow up. If the outstanding fees remain unpaid for more than one year, we may file a lawsuit against such customer to claim the outstanding amounts. See “Financial Information—Description of Certain Combined Statement of Financial Position Items—Assets—Trade Receivables” and “Risk Factors—Risks Relating to Our Business and Industry—We may not be able to collect property management fees from property owners, residents and/or property developers which could incur impairment losses on our trade receivables.”

**VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS****Overview**

We also provide a series of value-added services to non-property owners, primarily property developers. Our value-added services to non-property owners include (i) sales office management services; (ii) preliminary planning and design consultancy, pre-delivery and repair and maintenance services; and (iii) other services such as construction site management services. During the Track Record Period, we obtained contracts for value-added services to non-property owners through commercial negotiations with the customers. We generally price our value-added services to non-property owners taking in account, among others, (i) our estimated staff costs, outsourced labor costs and costs for raw materials, (ii) the type and size of the relevant property projects, and (iii) the amount and complexity of services required.



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In 2018, 2019 and 2020, our revenue generated from our value-added services to non-property owners amounted to RMB50.9 million, RMB128.4 million and RMB168.3 million, respectively, accounting for 19.7%, 33.7% and 28.6%, respectively, of our total revenue for the same periods. The following table sets forth a breakdown of our revenue from value-added services to non-property owners for the years indicated:

|  | Year ended December 31, |                     |                       |                     |                       |                     |
|--|-------------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|
|  | 2018                    |                     | 2019                  |                     | 2020                  |                     |
|  | (RMB'000)               | %                   | (RMB'000)             | %                   | (RMB'000)             | %                   |
| Sales office management services . . . . .   | 36,542                  | 71.8                | 67,473                | 52.5                | 96,708                | 57.5                |
| Preliminary planning and design consultancy,<br>pre-delivery and repair and maintenance services | 13,603                  | 26.7                | 51,320                | 40.0                | 60,615                | 36.0                |
| Other services . . . . .   | 717                     | 1.5                 | 9,609                 | 7.5                 | 11,012                | 6.5                 |
| <b>Total . . . . .</b>   | <b><u>50,862</u></b>    | <b><u>100.0</u></b> | <b><u>128,402</u></b> | <b><u>100.0</u></b> | <b><u>168,335</u></b> | <b><u>100.0</u></b> |

### Sales Office Management Services

We offer property management services to sales offices and display units of property developers, such as customer reception, security and cleaning services. Our services are designed to ensure the security and smooth operations of sales offices and display units. We provide our sales office and display unit management services through our employees and third-party subcontractors. We determine fees for these services by charging a profit mark-up on top of our costs. The service fee is usually calculated by a pre-determined percentage of the service costs. Our customers generally pay us quarterly. The fees for a quarter generally become payable by 20 days after the end of such quarter.

### Preliminary Planning and Design Consultancy, Pre-Delivery and Repair and Maintenance Services

#### *Preliminary Planning and Design Consultancy Services*

We offer various preliminary planning and design consultancy services which address property developers' needs at different stages of their business operations. At the construction planning stage, we review developers' construction blueprints and offer recommendations from a property management perspective, such as advice on energy conservation, fire safety and general security. We also inspect key milestones of construction processes to ensure compliance with original design and relevant construction regulations. We primarily charge a uniform fee per sq.m. for properties to be delivered for our preliminary planning and design consultancy services. We provide our preliminary planning and design consultancy services mainly through our employees. Generally, 70% of the service fees become payable to us after

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the main structure of the relevant property project passes the inspection and acceptance procedure with the remaining portion to become payable to us one month after such property project is completed and delivered to property purchasers.

### *Pre-delivery Services*

We may be also contracted by property developers to provide inspection and cleaning at the pre-delivery stage of the property sales. We conduct quality inspection of properties, identify quality issues, rectify defects and report to the property developers. We also provide unit cleaning services before the delivery of properties to make the properties suitable for delivery. We primarily charge a uniform fee per sq.m. for properties to be delivered for our pre-delivery services. We provide our pre-delivery services through our employees and subcontractors. Our customers typically pay us after the relevant services are completed.

### *Repair and Maintenance Services*

We also assist property developers with the repair and maintenance of properties during their post-delivery quality warranty periods. We receive requests from property owners and residents for repair and maintenance services through our customer service hotline, our Modern Leisure Lifestyle (漫生活) mobile application and in-person visits. After recording such requests, we dispatch relevant personnel onsite to evaluate the situation and formulate solutions. We then liaise with construction companies to provide the requested services. Under certain circumstances, such as when the construction companies fail to provide the requested services in a timely manner, we may step in and provide the services directly. We primarily charge a uniform fee per sq.m. for our repair and maintenance services during the post-delivery quality warranty periods. We provide our repair and maintenance services through our employees and subcontractors. Generally, 50% of the service fees become payable to us in six months after the relevant property project is completed and delivered to property purchasers with the remaining portion to become payable to us in one year after such property project is completed and delivered to property purchasers.

### **Other Services**

We also provide other services to property developers, primarily construction site management services by maintaining the order of the construction site and controlling the personnel and vehicles entering and exiting the site, in order to help ensure the safety of individuals and property on the construction site. We primarily charge a uniform fee per sq.m. for our construction site management services. We provide our construction site management services through our employees and subcontractors. Our customers generally pay us quarterly. The fees for a service quarter generally become payable by 15 days after the end of such quarter.

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### COMMERCIAL OPERATIONAL SERVICES

#### Overview

We provide commercial operational services to commercial properties, including shopping centers, shopping streets, office buildings, specialty markets and Industrial parks. We have a long-term and stable cooperation with the New Hope Property Group, and have provided commercial operational services to all commercial properties developed by New Hope Property Group. In 2018, 2019 and 2020, revenue generated from commercial operational services amounted to RMB62.4 million, RMB72.6 million and RMB113.0 million, respectively, representing 24.2%, 19.1% and 19.2%, respectively, of our total revenue for the same periods. During the Track Record Period, we obtained the contracts for commercial operational services through commercial negotiations with our customers.

The table below sets forth a breakdown of our total revenue from commercial operational services by service category for the years indicated:

|  | For the year ended December 31, |              |               |              |                |              |
|--|---------------------------------|--------------|---------------|--------------|----------------|--------------|
|  | 2018                            |              | 2019          |              | 2020           |              |
|  | (RMB'000)                       | %            | (RMB'000)     | %            | (RMB'000)      | %            |
| Market research and positioning and opening preparation services . . . . . | –                               | –            | –             | –            | 3,396          | 3.0          |
| Commercial operation services . . . . .                                    | 55,056                          | 88.3         | 64,133        | 88.4         | 95,013         | 84.1         |
| Commercial properties leasing . . . . .                                    | 7,317                           | 11.7         | 8,438         | 11.6         | 14,547         | 12.9         |
| <b>Total . . . . .</b>   | <b>62,373</b>                   | <b>100.0</b> | <b>72,571</b> | <b>100.0</b> | <b>112,956</b> | <b>100.0</b> |

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**Portfolio of Commercial Properties**

The table below sets forth certain information of each commercial property which had contributed to our revenue during the Track Record Period:

| Project   | Commercial property category          | Actual/expected opening date | City     | Contract effective date <sup>(1)</sup> | Contract term <sup>(2)</sup> | Occupancy rate <sup>(3)</sup> |       |                         |               | Revenue                 |                |                |
|---|---------------------------------------|------------------------------|----------|--|------------------------------|-------------------------------|-------|-------------------------|---------------|-------------------------|----------------|----------------|
|   |                                       |                              |          |  |                              | As of December 31,            |       | Year ended December 31, |               | Year ended December 31, |                |                |
|   |                                       |                              |          |  |                              | 2018                          | 2019  | 2018                    | 2019          | 2018                    | 2019           | 2020           |
|   |                                       | Month-Year                   |          | Month-Year                             | Years                        | %                             | %     | (RMB'000)               | (RMB'000)     | (RMB'000)               | (RMB'000)      | (RMB'000)      |
| 1. Kunming Dashanghui (昆明大商匯) . . . . .                           | Specialty markets                     | March 2006                   | Kunming  | February 2006                          | 19                           | 96.0                          | 91.5  | 39,574                  | 38,576        | 38,576                  | 57,743         | 57,743         |
| 2. New Hope International (新希望國際) . . . . .                       | Office buildings/<br>shopping streets | December 2010                | Chengdu  | January 2020                           | 5                            | 98.4                          | 100.0 | -                       | -             | -                       | 4,775          | 4,775          |
| 3. Bailuli (白麓里) . . . . .  | Shopping streets                      | October 2020                 | Wenzhou  | January 2020                           | 5                            | -                             | -     | -                       | -             | -                       | 5,919          | 5,919          |
| 4. Nanning International Jiaju Expo Center (南寧國際家居博覽中心) . . . . . | Specialty markets                     | March 2015                   | Nanning  | May 2015                               | 10                           | 80.0                          | 80.0  | 15,482                  | 18,470        | 18,470                  | 21,970         | 21,970         |
| 5. Zhongding International (中鼎國際) . . . . .                       | Office buildings                      | December 2014                | Chengdu  | January 2020                           | 5                            | 99.0                          | 100.0 | -                       | -             | -                       | 1,355          | 1,355          |
| 6. New Hope Building (新希望大廈) . . . . .                            | Office buildings/<br>shopping streets | January 2010                 | Chengdu  | January 2020                           | 5                            | 100.0                         | 100.0 | -                       | -             | -                       | 1,030          | 1,030          |
| 7. Shangding International (尚鼎國際) . . . . .                       | Shopping streets                      | March 2008                   | Chengdu  | January 2020                           | 5                            | 92.0                          | 92.0  | -                       | -             | -                       | 767            | 767            |
| 8. Huangguan International (皇冠國際) . . . . .                       | Shopping streets                      | October 2015                 | Chengdu  | January 2020                           | 5                            | 67.1                          | 78.0  | -                       | -             | -                       | 605            | 605            |
| 9. Liti City Shopping Center (立體城購物中心) . . . . .                  | Shopping centers                      | January 2019                 | Wenzhou  | January 2019                           | 6                            | -                             | 84.0  | -                       | -             | 7,100                   | 6,476          | 6,476          |
| 10. Kunming Xiwanghui (昆明希望匯) . . . . .                           | Shopping streets                      | June 2017                    | Kunming  | June 2017                              | 8                            | 74.9                          | 82.1  | 7,317                   | 8,425         | 8,425                   | 7,701          | 7,701          |
| 11. Landscape Park (半島科技園) . . . . .                              | Industrial park                       | November 2007                | Shanghai | January 2020                           | 5                            | 95.8                          | 90.7  | -                       | -             | -                       | 4,485          | 4,485          |
| 12. Jinguangxui City (錦官秀城) . . . . .                             | Shopping streets                      | June 2006                    | Chengdu  | January 2020                           | 5                            | 77.7                          | 67.7  | -                       | -             | -                       | 130            | 130            |
| <b>Total</b> . . . . .  |                                       |                              |          |  |                              |                               |       | <b>62,373</b>           | <b>72,571</b> | <b>72,571</b>           | <b>112,956</b> | <b>112,956</b> |

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*Notes:*

- (1) Contract effective date represents the date on which we began to provide our commercial operational services pursuant to the relevant commercial operational service contract entered into between us and the relevant property developer or owner.
- (2) Contract term represents the period of time during which we provide commercial operational services. The contract term typically commenced on the opening date of the relevant commercial property.
- (3) Occupancy rate is calculated as actual leased area divided by available lease area of a commercial property as of the end of each relevant period based on our internal record.

### Scope of Services

Our commercial operational services primarily comprise market research and positioning and tenant sourcing services, commercial operation services and commercial properties leasing, details of which are set out as follows:

Market research and positioning and opening preparation services

*Market research and positioning services* – We conduct market research and analysis, prepare reports on feasibility study, financial projection and marketing and positioning strategies with an aim of optimizing the positioning and tenant mix of commercial properties, and provide advice on the design and construction plans of commercial properties.

*Opening preparation services* – We assist property developer with opening process of commercial properties, which include managing the furnishing work and move-in of the tenants and assisting tenants with applications for business licenses.

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Commercial operation  
services

*Tenant sourcing services* – We help property owners of commercial properties identify and solicit target tenants, assist the property owners in optimizing the tenant mix and arrange the signing of tenancy agreements.

*Tenant management services* – We provide tenant management services to property owners, handling tenants' enquiries and complaints, processing rent payments and ensuring timely payment of rent by tenants.

*Commercial management services* – We provide support and guidance to tenants on their operations with an aim to enhance their performance and assist their daily business operations. For differences between our commercial management services and community space operational services, see “—Lifestyle Services—Community Space Operational Services” for details.

*Marketing and promotion services* – We provide marketing and promotion services to help property owners and tenants hold promotion events and arrange advertising in various media to attract traffic to their commercial properties and respective businesses.

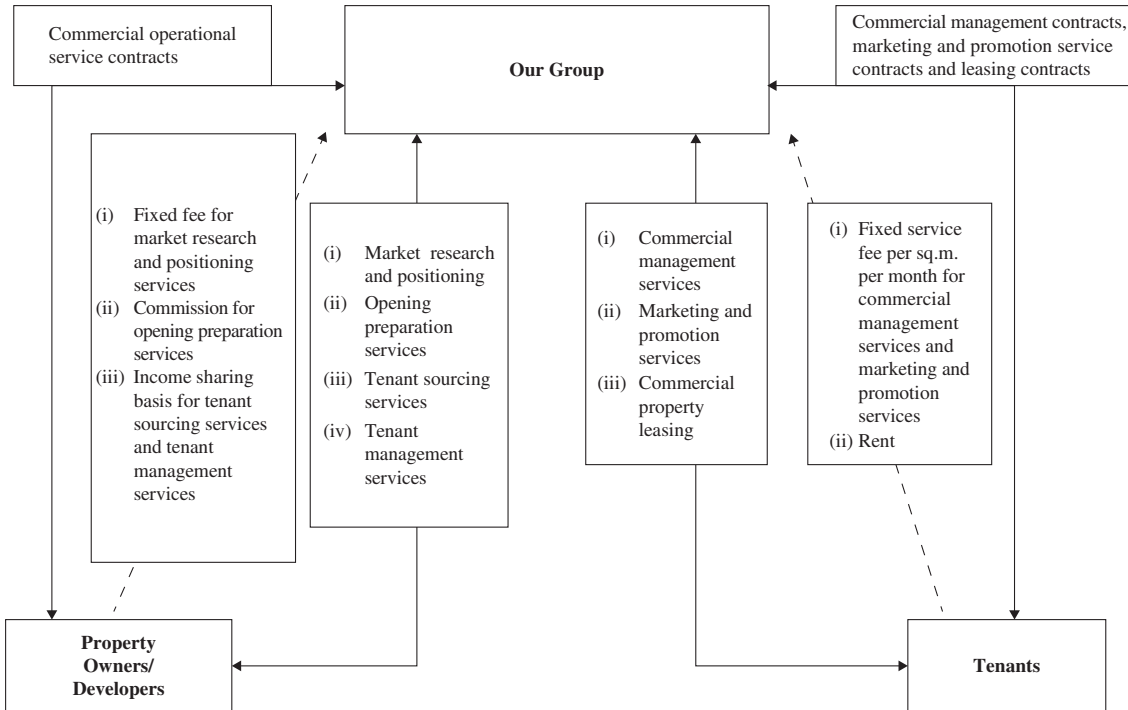
Commercial properties  
leasing

We locate suitable tenants and sublease certain commercial properties that we leased from property owners for rental income.

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## Commercial Operational Service Fees

The diagram below illustrates our relationships with various parties under our commercial operational services segment during the Track Record Period:



### *Service Fees Charged on a Fixed Fee Basis*

We charge a fixed and all-inclusive fee for our market research and positioning services based on the size of a retail commercial property and a fixed and all-inclusive fee per sq.m. per month for our commercial management services and marketing and promotion services. We provide these services through our own employees. We are entitled to retain the full amount of these fees collected from the property developers as revenue and bear the costs incurred in providing such services.

Prior to negotiating and entering into agreements with the property developers, we seek to form an estimate as to our cost of services. Our cost of services mainly includes staff costs.

During the Track Record Period, we incurred losses in connection with the operation of one commercial property project in 2019 and such losses were approximately RMB6.6 million. We incurred losses with respect to the operation of this commercial property project primarily because it was in its early stage of operation and we incurred large amount of costs in relation to staffing and marketing in 2019 and we did not record losses for this commercial property project in 2020. Our revenue generated from the operation of this loss-making commercial property project amounted to approximately RMB7.1 million in 2019, representing

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approximately 9.8% of our revenue from the commercial operational service segment in the same year. For details on our measures to minimize the occurrence of losses from the operation of commercial property projects, see “—Property Management Services—Property Management Fees—Property Management Fees Charged on a Lump Sum Basis.”

### *Service Fees Charged on a Commission Basis*

We charge service fees for our opening preparation services typically with a mark-up on top of the costs for such services. Such mark-up typically represents a predetermined percentage of the costs for such services.

### *Service Fees Charged on an Income Sharing Basis*

For the tenant sourcing services, we generally charge service fees of two times the first month’s rent. For tenant management services we generally charge service fees at a predetermined percentage of the invoiced rental revenue of the property developers or owners. We recognize the commission fee as revenue and our cost of services mainly includes staff costs.

### *Rents Charged for Commercial Properties Leasing*

We determine rents for most of the subleased commercial properties by charging a fixed amount per sq.m. per month, representing a profit mark-up on top of our costs we pay to lease such commercial properties from the property owners. We recognize the rent payments from tenants as revenue and our cost of sales for commercial properties leasing primarily include the rents that we pay to property owners.

### *Our Pricing Policy*

For our commercial operational services charged on a fixed fee basis, we generally price our market research and positioning and tenant sourcing, as well as commercial property operation services with reference to, among others, (i) brand, size and location of a commercial property; (ii) availability of utilities; (iii) staff costs and other costs to provide the services; and (iv) the service period. For our tenant sourcing services charged on an income-sharing basis and our commercial property leasing services, we price mainly with reference to market standard and the rate charged by our competitors within the same area. We regularly evaluate our financial information to help ensure that we are able to control our operating costs in order to sustain our profit margins.



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### *Payment and Credit Terms*

We set forth below the typical payment and credit terms of our commercial operational service fees by type of contract during the Track Record Period:

| <u>Type of service</u>                             | <u>Payment and credit terms</u>  |
|--|--|
| Market research and positioning service . . .      | Fixed service fees in a lump sum payment before the fifth day in the next month after signing of contract.   |
| Opening preparation service . . . . .              | Service fees at a fixed percentage of the costs in a lump sum payment at an agreed-upon point in time.   |
| Tenant sourcing service .                          | A service fee of two times the first month rent in a lump sum payment before the fifth day in the next month after a tenant is engaged.                              |
| Tenant management services . . . . .               | A service fee of approximately 10.0% of the rent revenue of the property owners payable quarterly. The service fee is paid within five days after each quarter ends. |
| Commercial management service . .                  | With respect to commercial management services, a fixed fee is payable quarterly. The service fee for each quarter is paid in advance before that quarter begins.    |
| Marketing and promotion service contract . . . . . | With respect to marketing and promotion services, a fixed fee is payable monthly, quarterly or semiannually depending on the contractual terms.                      |
| Commercial properties leasing contract . . . . .   | The monthly fixed rent is payable quarterly 15 days before the beginning of each quarter.  |

### *Commercial Operational Service Contracts*

#### *Key terms of contracts with property developers or owners*

Our commercial operational service contracts for market research and positioning services, opening preparation services, tenant sourcing services and tenant management services with property developers or owners typically include the following key terms:

- *Scope of services* – A typical contract sets forth the scope of operational services to be provided by us, which normally includes market research and positioning services, opening preparation services, tenant sourcing services and/or tenant management services;

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- *Service fees* – Our contracts set forth the respective service fees for each type of service that we provide. For overdue service fees, the property developer or owner need to pay a penalty equal to a daily-accumulating surcharge at a certain percentage of the overdue amount;
- *Our obligations* – We are primarily responsible for, among other things, handling the commercial properties’ assets properly, providing services within the scope authorized by the property developer or owner, and regularly reporting to the property developer or owner on the operation of the commercial properties, preparing the rental income forecast for each year and preparing the budget plan for each year to be submitted to the property developer or owner for approval. In addition, we generally bear the operating costs incurred in our provision of services, including but not limited to staff costs, repair and maintenance expenses, cleaning expenses and tax expenses;
- *Property developer or owner’s obligations* – The property developer or owner is primarily responsible for, among other things, assisting us to obtain all licenses, permits and consents for the operation of the commercial properties, providing us with office facilities and other support necessary for carrying out our on-site operation and repair and maintenance of the commercial properties, facilities and equipment for remaining defects from the property development stage;
- *Term of service* – Our contracts typically have fixed term ranging from one to five years. The property developer or owner may terminate the contract with cause with prior written notice to us. Upon termination of contract, such property developers or owners need to settle all the trade receivables, expenses and profits. We are also obligated to hand over the documents and files relevant to that particular project to the party designated by the property developer or owners; and
- *Dispute resolution* – Both parties are typically required to resolve any contractual disputes through negotiations first before resorting to litigation.

### *Key terms of contracts with tenants*

Our commercial management service and marketing and promotion service contracts with tenants typically include the following key terms:

- *Scope of services* – A typical contract sets forth the scope of services to be provided by us, which normally includes commercial management services and marketing and promotion services;
- *Service fees* – Our contracts set forth the service fees in a fixed amount per sq.m. per month for our commercial management services. For overdue service fees, the tenants need to pay a penalty equal to a daily-accumulating surcharge at a certain percentage of the overdue amount;

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- *Our obligations* – We are primarily responsible for, among other things, providing tenant support services and preparing service records and inform the tenants of major issues regarding the commercial properties;
- *Tenant's obligations* – The tenant is primarily responsible for, among other things, paying the service fees in full and on time, operating their businesses according to the agreed-upon commercial property management policies, the safe operation of their business and regularly and accurately report their operation results;
- *Term of service* – Our contracts typically have fixed term ranging from one to five years. The property developer or owner may terminate the contract with cause with prior written notice to us. Upon termination of contract, such property developers or owners need to settle all the trade receivables, expenses and profits. We are also obligated to hand over the documents and files relevant to that particular project to the party designated by the property developer or owners; and
- *Dispute resolution* – Both parties are typically required to resolve any contractual disputes through negotiations first before resorting to litigation.

Our commercial properties leasing contracts with tenants typically include the following key terms:

- *Term of the lease* – A typical contract sets forth term of the lease on a monthly, quarterly or yearly basis;
- *Rent payment* – Our contracts set forth monthly fixed rent payable quarterly to us by tenants before each quarter;
- *Our obligations* – We are primarily responsible for, among others things, making the rental space available to the tenants and repair and maintain the main structure of the leased properties and public facilities and equipment provided by us;
- *Tenant's obligations* – The tenants are primarily responsible for, among other things, pay the rent in full and on time and ensuring their usage of the leased commercial properties is in compliance with the lease; and
- *Dispute resolution* – Both parties are typically required to resolve any contractual disputes through negotiations first before resorting to litigation.

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### LIFESTYLE SERVICES

We offer a wide range of lifestyle services, comprising (i) community living services, including turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services, and common area management services; (ii) community asset management services, including carpark related services and property agency services; (iii) online and offline retail services and catering services; (iv) marketing event organization services; and (v) community space operational services.

In 2018, 2019 and 2020, our revenue generated from lifestyle services amounted to RMB28.3 million, RMB38.9 million and RMB117.2 million, respectively, representing 11.0%, 10.2% and 19.9%, respectively, of our total revenue for the same periods. The following table sets forth a breakdown of our revenue from lifestyle services:

|  | Year ended December 31, |                     |                      |                     |                       |                     |
|--|-------------------------|---------------------|----------------------|---------------------|-----------------------|---------------------|
|  | 2018                    |                     | 2019                 |                     | 2020                  |                     |
|  | <i>(RMB'000)</i>        | %                   | <i>(RMB'000)</i>     | %                   | <i>(RMB'000)</i>      | %                   |
| Community living services . . . . .                                | 13,645                  | 48.2                | 20,313               | 52.3                | 43,762                | 37.4                |
| Community asset management services . . . . .                      | 6,840                   | 24.2                | 8,897                | 22.9                | 20,667                | 17.6                |
| Online and offline retail services and catering services . . . . . | –                       | –                   | 437                  | 1.1                 | 32,395                | 27.6                |
| Marketing event organization services . . . . .                    | 7,811                   | 27.6                | 9,215                | 23.7                | 19,143                | 16.3                |
| Community space operational services . . . . .                     | –                       | –                   | –                    | –                   | 1,281                 | 1.1                 |
| <b>Total . . . . .</b>   | <b><u>28,296</u></b>    | <b><u>100.0</u></b> | <b><u>38,862</u></b> | <b><u>100.0</u></b> | <b><u>117,248</u></b> | <b><u>100.0</u></b> |

During the Track Record Period, we obtained contracts for our lifestyle services primarily through commercial negotiations with the customers. We also obtained some service contracts for catering services and marketing event organization services by participating in tender processes. Generally, when we participate in a tender, we make contact with the customer to understand their specific service needs, conduct cost analysis, prepare and submit our tender bids, participate in evaluation interviews and, if selected, enter into the service contract. We did not participate in any tender processes for our lifestyle services in 2018. Our bidding success rate was 100% in 2019, during which we participated in two tender processes. Our bidding success rate was approximately 54.2% in 2020, during which we participated in 24 tender processes and successfully obtained 13 service contracts. As we gather more experience in providing catering services and marketing event organization services, we believe we can further increase our bidding success rate by carefully studying the customer needs and competitors' strengths and weakness before preparing our tender bids and customizing our services to differentiate ourselves from our competitors.

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### **Community Living Services**

We provide turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services and common area management services to property owners and residents in the communities under our management.

#### ***Turnkey Furnishing Services***

We offer turnkey furnishing services to property owners and residents, which help them purchase furniture and home appliances, decorate the property and create a move-in ready residence. We enter into collaboration agreements with third-party merchants and make available their products and services, primarily furniture, home appliances, construction materials, accessories, and decoration services, to property owners and residents. Based on the orders received from property owners and residents, the third-party merchants will make deliveries to them. We collect a fixed fee upon entering into the collaboration agreements and, if the third-party merchants' sales pass certain threshold, we also collect a percentage of the excess over as additional fees. Generally, our employees work with sub-contractors to provide turnkey furnishing services.

#### ***Repair and Maintenance Services For Property Owners and Residents***

We assist property owners and residents in repairing household appliances, furniture and their properties. We collect fees based on the amount and type of services provided according to a fee schedule. We mainly provide these services through our own employees.

#### ***Convenient Living Services***

In order to improve the convenience of the property owners and residents in their daily lives, we provide them with services such as garbage collection, housekeeping services, and air purifying services. We charge service fees based on the type and amount of services requested according to a fee schedule. We mainly provide convenient living services through our own employees, and when necessary involve sub-contractors who assist us in providing our services.

#### ***Common Area Management Services***

We assist property owners in renting out leasable facilities in the common areas of properties under our management to third-party vendors seeking a place to operate or promote their businesses, and charge a percentage of the rental proceeds as our service fees. We assist property owners in leasing common spaces such as lift advertising spaces, basements and outer wall advertising spaces. We may also rent out empty floor space for small businesses to use as shops. We profit from our common area management services by collecting a portion of the rental fees in accordance with an agreed-upon percentage. We provide common area management services mainly through our own employees.

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### Community Asset Management Services

#### *Carpark Related Services*

Our carpark related services mainly consist of carpark leasing and carpark sales agency services. We purchase parking spaces from property developers and lease such spaces to property owners in exchange for monthly rental fees. We also charge temporary parking fees for customers who lease parking spaces from us based on the length of parking. In addition, we also assist property developers and property owners in selling and purchasing parking spaces in designated carparks of properties under our management. We serve primarily as an agent facilitating purchase and sales of parking spaces in exchange for a percentage of the sales proceeds as our commissions. We typically enter into sales agency agreements with property developers which authorize us to facilitate sales of parking spaces to property owners. We also purchase and resell parking spaces to property owners and recognize the sales proceeds as our revenue and cost of purchasing the parking spaces as cost of sales. We offered carpark related services mainly through our own employees.

In 2018, 2019 and 2020, our revenue from leasing carpark spaces amounted to RMB6.8 million, RMB6.8 million and RMB6.3 million, respectively, revenue from facilitating purchase and sales of parking spaces amounted to nil, RMB0.2 million and RMB9.5 million, respectively, and revenue from reselling parking spaces amounted to nil, nil and RMB4.3 million, respectively. In 2018, we purchased 180 parking spaces in New Hope Jinguang Hongnan Harbor (新希望錦官紅南港) project, from Chengdu New Hope Industry Investment Co., Ltd. (成都新希望實業投資有限公司), the property developer of this project. In 2020, we purchased 74 parking spaces in Diyana Valley (堤亞納河谷), from Sichuan New Hope Southern Real Estate Development Co., Ltd. (四川新希望南方房地產開發有限公司), the property developer of this project. We hold these parking spaces primarily for rental income and capital appreciation and accordingly recognize such parking spaces as investment properties in our combined statements of financial position. In 2020, we sold the 74 parking spaces we purchased from Sichuan New Hope Southern Real Estate Development Co., Ltd. The following table sets forth certain details of our parking spaces during the Track Record Period:

|   | As of or for the year ended December 31, |      |       |
|---|--|------|-------|
|   | 2018                                     | 2019 | 2020  |
| Number of carpark spaces acquired . . . . . | 180                                      | –    | 74    |
| Number of carpark spaces sold . . . . .     | –  | –    | 74    |
| Number of carpark spaces held . . . . .     | 180                                      | 180  | 180   |
| Purchase costs (RMB'000). . . . .           | 8,220                                    | –    | 3,023 |
| Sales proceeds (RMB'000) . . . . .          | –  | –    | 4,320 |

We take into consideration the following factors when purchasing the parking spaces, including but not limited to (i) the location of the carpark; (ii) the purchase price; (iii) the room for capital appreciation; and (iv) the market demand of such parking spaces within the relevant property project, with references to the ratio of number of parking spaces to the number of property units, the occupancy rate of such property project and the ratio of number of vehicles

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owned by the property owners and residents to the number of parking spaces. We purchase parking spaces because we believe that we may have more liberty to form a suitable resource planning and rental strategy for these parking spaces if we purchase and own them, instead of marketing them as the agent of the owners. For example, we may combine several existing parking spaces and reallocate the spaces so that the redesigned parking spaces may become more appealing to lessees. Accordingly, we may be able to lease out or sell the carpark spaces which we might not be able to do so as the agent of each individual parking space's owners.

### *Property Agency Services*

We assist property developers and property owners in selling and renting out their properties, and charge service fee for that services. We offer property agency services primarily through our own employees and we communicate with property owners seeking to sell or rent out their properties, collect and record their information, and coordinate open house events, charging a percentage or a fixed amount of the sales proceeds as our commission fees.

### **Online and Offline Retail Services and Catering Services**

We provide a variety of products to property owners and residents in our residential communities, through our Modern Leisure Lifestyle (漫生活) mobile application, Brand New Cozy Home (新享家) mini-application and our offline convenience stores. Please see “—Information Technology Platform” in this section for more information. The products we offer primarily include dairy, beverages, cereal, cooking oil, non-staple food and snacks. As of December 31, 2020, our Modern Leisure Lifestyle (漫生活) mobile application, Brand New Cozy Home (新享家) mini-application and our offline convenience stores offered more than 1,000 stock keeping units, or SKUs, of products. We purchase products from reliable and high-quality third-party suppliers and sell products through our own online and offline channels. We make profit by charging a mark-up on top of the offer price set by the third-party vendors. Our butlers will provide door-to-door delivery service when requested by our customers. We operate online and offline retail services through our own employees.

Taking advantage of our existing service networks under our property management services and commercial operation services, we operate canteens for our employees and also provide catering services for our customers' corporate events and regular group meals to their employees and guests. We set our prices for the food we provide based on our cost of sales plus an appropriate profit margin. Our cost of sales mainly includes raw materials and labor costs. We operate catering services through our employees and subcontractors.

We started planning to develop online and offline retail business and preparing relevant business licenses, permits and filings in June 2019 and we started planning to develop catering services in August 2019. It took us several months to put together the business unit, establish the supply chain, secure the necessary resources, prepare the business premises and the online platform. Accordingly, we did not start the operation of, and record revenue for, our online and offline retail services and catering services until the last quarter of 2019. We recorded gross profits of RMB0.1 million and RMB7.0 million from online and offline retail services and catering services in 2019 and 2020, respectively. From 2019 to 2020, our gross profit margins



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for our online and offline retail services and catering services increased from 14.6% to 21.7%, primarily because this business line began to mature in 2020, but we needed to invest considerable of resources upfront in preparation of launching this business line in 2019. Our growth in revenue and gross profit from lifestyle service segment from 2019 to 2020 was partially attributable to the start of the monetization of our online and offline retail services and catering services in the last quarter of 2019.

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained the requisite licenses in order to sell and re-sell pre-packaged food products, including dairy products, meat products, processed food, and seasonings in China. As a food business operator, we are responsible for the safety of the food products that we sell or re-sell. See “Regulatory Overview—Regulations on Property Management Service—Food Business Operations” for details. Accordingly, we have introduced the following enhanced internal control measures to ensure food safety:

- *Selection of suppliers.* We carefully select and manage the quality of suppliers through a stringent selection process. Our selection criteria include, among other things, the legal and regulatory qualifications of the supplier and goods supplied, quality and inspection results, and product packaging.
- *Detailed and standardized procedures.* We have developed food safety, hygiene and quality control policies and procedures that set out various guidelines, such as the storage methods of different ingredients and the inspection criteria of our canteens. We also formulated employee manuals that set out detailed procedures on acceptance of supplies, employee health and hygiene, and reporting of food safety incidents.
- *Food safety training.* We provide food safety training to our employees periodically on food storage, personal hygiene and kitchen hygiene. We have implemented a reward and penalty system for those who do not comply with our food safety procedures. Serious offenders of food safety measures will be subject to removal from their position or termination of employment.

### **Marketing Event Organization Services**

Leveraging our professional experience and operational expertise, we provide marketing event organization services to property developers, primarily marketing event planning, supply procurement, advertisement design and on-site coordination. We charge a fixed and all-inclusive services fee based on the amount and complexity of the services requested. We provide marketing event organization services mainly through our own employees and subcontractors.



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### Community Space Operational Services

We typically assist the property owner in developing tenant sourcing strategies for operational spaces in or near residential communities. This includes identifying target tenants, soliciting tenants and sublease the operational spaces to the qualified tenants. We also provide business planning and operational management services to the tenants. Based on our research of customers' needs, we bring in businesses and facilities such as convenience stores, libraries, restaurants and educational institutions for the operational spaces to improve the living experience of the residents. We generally collect operational management service fees from the tenants at a predetermined percentage of the rent for the operational spaces they lease from the government or property owner. We provide community space operational services mainly through our own employees.

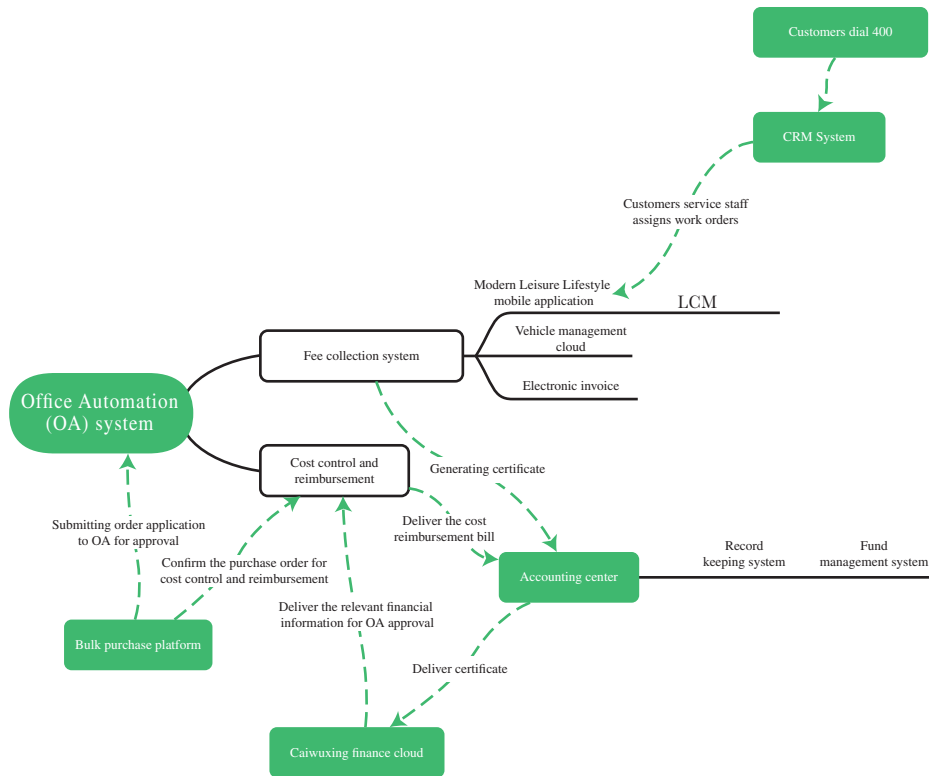
Our community space operational services are provided to tenants in community centers or on community streets, while our commercial management services are provided to tenants in commercial properties. These commercial properties generally larger than the community centers or community streets which are typically located in proximity to residential communities and smaller in size. The community centers or community streets generally serve residents living nearby, while commercial properties, such as shopping centers, shopping streets, specialty markets, office buildings, industrial parks, generally serve customers who do not necessarily live nearby but may visit there from distant places. We provide our community space operational services as a part of our lifestyle services with an aim to serve people's daily needs and diversify our income streams by also serving property owners and residents outside the residential communities under our management. In contrast, we provide our commercial management services as a part of our commercial operational services with an aim to increase the occupancy rates and property value of the commercial properties. See “—Commercial Operational Services—Scope of Services” for details.

### INFORMATION TECHNOLOGY PLATFORM

We have implemented an information technology platform leveraging internet and IoT technologies, which we believe enhance our capabilities to improve customer experience, reduce reliance on manual labor, and lower operating costs. Our information technology platform primarily includes (i) our Modern Leisure Lifestyle (漫生活) mobile application, both of its customer-end and staff-end interfaces, (ii) our CRM system, (iii) our LCM system, (iv) our RMA system and (v) other platforms, such as our online official account and mini applications.

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This following diagram depicts the interaction between our customers and our information technology platform and our services provided through our information technology platform:



### Modern Leisure Lifestyle mobile application

To offer one-stop services, we implemented Modern Leisure Lifestyle (漫生活) mobile application for which we obtained copyright registration in November 2018 and filings for non-commercial internet information services in March 2019. Currently the application provides a variety of property management services and lifestyle services primarily to the registered residents and property owners. Residents and property owners may register with the Modern Leisure Lifestyle (漫生活) mobile application’s customer-end interface and enjoy the various online services, such as:

- *Online payment* – Users are able to verify their identities by uploading government issued IDs, after which they may pay for various services online instead of physically visiting our offices, such as property management fees, carpark related fees and other service fees for services that they request or goods they purchase on our Modern Leisure Lifestyle (漫生活) mobile application. Users also can check their payment record, monitor order status, and access the invoices.

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- *Service request* – Users can request various property management services, such as housekeeping and air purifying services, household repair and maintenance services. Users can also request home delivery services for their parcels or to have our staff purchase and deliver what they need in daily life. Users can also track the status of their requests and submit evaluation or complaints.
- *Door control* – Users can use Modern Leisure Lifestyle (漫生活) mobile application to open community gates and building doors through Bluetooth or Wi-Fi technologies.
- *News and notifications* – Users can receive various news and notifications in the communities, such as disinfection and desensitization notification and community events notifications. Our Modern Leisure Lifestyle (漫生活) mobile application also has a community bulletin board where users may share information on bartering their idle items and community events.
- *Online shopping* – On our Modern Leisure Lifestyle (漫生活) mobile application, users can easily access products and services covering substantially all primary aspects of their daily lives. The products we offer primarily include dairy, beverages, cereal, cooking oil, non-staple food and snacks. As of December 31, 2020, our Modern Leisure Lifestyle (漫生活) mobile application offered more than 1,000 SKUs of products.

To improve our employees' work performance, we have launched a staff-end interface of our Modern Leisure Lifestyle (漫生活) mobile application, where our staff may log in and manage routine work activities and the service offerings provided on our customer-end interface. For example, our employees may punch in and punch out, check status of service requests, perform assigned tasks, manage the user-created content on the community bulletin board, enter and check visitor information, and check their performance valuation results.

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) issued by the State Council which came into effect on September 25, 2000 and was revised on January 8, 2011, internet information services refer to the provision of information to web users through the internet, which can be divided into commercial internet information services and non-commercial internet services. Commercial Internet information services refer to paid services of providing information to or creating web pages for web users through the internet. Non-commercial internet information services refer to free services of providing public, commonly shared information to web users through the internet. Entities engaging in providing commercial internet information services shall apply for a license for value-added telecommunication services of internet information services. As for the operations of non-commercial internet information services, only filings with the relevant authority of the PRC Government are required.

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The business conducted by us is regarded as “non-commercial Internet information services” because we use our Modern Leisure Lifestyle (漫生活) mobile application as a tool to facilitate the provision of our services. We do not generate revenue from matching customers with third-party vendors or paid advertisement services through our mobile application. Therefore, as advised by our PRC Legal Advisor, the operations of our Modern Leisure Lifestyle (漫生活) mobile application do not constitute value-added telecommunications services. As of the Latest Practicable Date, we had completed the necessary filings in relation to non-commercial internet information services. As of the Latest Practicable Date, we did not enter into any agreements to share user information or any agreements to share profits with others with respect to Modern Leisure Lifestyle (漫生活) mobile application.

### **Customer Relationship Management (CRM) System**

Our CRM system assists us in managing customer relationship by collecting and managing basic information of our customers and their properties, improving our efficiency of responding to customers’ service needs and enhancing our service efficiency and quality. It contains the following three main functions:

*Centralized reporting processing.* The CRM system centralizes the service requests or complaints that we receive at our office or through 400 service hotline, Modern Leisure Lifestyle (漫生活) mobile application and WeChat official account. The system automatically processes these requests and assigns work orders to our employees, which allows our butlers to respond to reporting customer in a timely manner after the service request enters the system. The system also monitors every stage of service request handling, such as customer reception, service request resolution, customer callback, work order completion, compensation processing. The system makes sure that we resolve customers’ issues in a timely manner and to their satisfaction.

*Centralized customer and property information searching.* The CRM system collects and manages the basic information of our customers and their properties, which provides data reference for our daily operation and business development. It assists our butlers and other employees to quickly understand our customers’ service needs so that they can serve our customers better. It further helps us analyze customer demand and feasibilities of new business ideas and therefore allows us efficiently develop our service offerings in response to such customer demands under different scenarios.

*Service and evaluation standardization.* The CRM system also standardizes our service procedure and our performance evaluation by transparently assigning work orders, tracking the processing stages and monitoring our performance. It improves our quality control and optimizes our service efficiency and quality.

### **Life Cycle Management System of Facilities and Equipment (LCM System)**

Our LCM system facilitates the daily inspection, monitoring and maintenance of our equipment and facilities to extend the service life of our facilities and reduce the frequency of facility malfunction. We assign a unique QR code to each piece of our equipment and each of our facility. Our staff may scan the QR code using the staff-end interface of our Modern Leisure Lifestyle (漫生活) mobile application and obtain the basic information on a piece of equipment or a facility, such as serial numbers and maintenance record, along with its status, and then enter or edit data relating to the equipment or facility directly into our system for further data analysis. Our LCM system is able to design a tailored maintenance schedule for each piece of equipment and each facility, to improve our operating efficiency. Our LCM system improves our facility management and enhances our operating efficiency.

### **Realtime Monitoring and Analysis (RMA) System**

RMA system is our new equipment and facility centralized data platform, automatically collecting and analyzing information on the property projects under our management and sending early warnings for malfunction incidents, which helps us reduce the manpower required for maintaining our equipment and facilities and improve our operating efficiency.

- *Real-time operational data monitoring* – RMA system collects and presents the operating data, such as temperature, humidity, hydraulic pressure and voltage, of the equipment and facilities located in the property projects under our management on a centralized platform, which allows us to remotely monitor the operational status of our equipment and facilities in real-time without sending staff to examine them on site.
- *Early warning of malfunction* – RMA system is able to detect malfunctions of our equipment and facilities almost instantly. If it detects a malfunction incident, the system will send a warning to the centralized data platform and automatically create a work order and assign it to our technical staff. The work order will show the system's analysis of the malfunction reason to help the technical staff to efficiently resolve the problem.
- *Operational data analysis* – RMA system also conduct analysis on the operational data of our equipment and facilities, which allows us to easily keep track of the coverage of our intelligent hardware in the properties under our management, the overall operational status and energy consumption of equipment and facilities in each region, warnings on equipment or facility malfunctions and other key information.

**Other Platforms**

We operate an online official account on WeChat, where our residents and property owners may make online payments for property management fees, request repair and maintenance services, submit complaints, monitor status of their orders and request invoices. As of the Latest Practicable Date, we did not enter into any agreements to share user information or any agreements to share profits with others with respect to our online official account on WeChat.

We also operate Brand New Cozy Home (新享家) mini-application, which is built on the WeChat platform, allowing users to easily do online shopping. As of December 31, 2020, our Brand New Cozy Home (新享家) mini-application offered more than 100 SKUs of products. The business conducted by us is regarded as “non-commercial Internet information services” because we use our Brand New Cozy Home (新享家) mini-application as a tool to facilitate the provision of our services. We do not generate revenue from matching customers with third-party vendors or from paid advertisement services through our mini-application. Therefore, as advised by our PRC Legal Advisor, the operations of our Brand New Cozy Home (新享家) mini-application do not constitute value-added telecommunications services and therefore do not require the license for value-added telecommunications services. As further advised by our PRC Legal Advisor, no additional filing for non-commercial Internet information services was required for our operation of Brand New Cozy Home (新享家) mini-application because it is not a stand-alone mobile application but built in WeChat. As of the Latest Practicable Date, we did not enter into any agreements to share user information or any agreements to share profits with others with respect to our Brand New Cozy Home (新享家) mini-application.

In addition, we also use Enterprise Resource Planning (ERP) system which operates as a centralized accounting management system. It connects cash collection from customers with our financial reporting and invoice systems to ensure accurate and timely financial record.

**Data Security and Privacy**

We have adopted various internal control measures to ensure data security and privacy protection in relation to our internal operational data, as well as external data, such as customer data obtained through our information systems. We have displayed the terms and conditions to customers and have also gained their prior consent before collecting their data. We may collect customer data to the extent necessary for us to provide our services, mainly including customer name, telephone number, age, address, biometric data, shopping behaviors and other information. We retain such personal information of property owners and residents when they remain as property owners and/or residents of the properties managed by us. We only use a specific customer’s information to the extent that it is needed for our services to such customer. We implement strict access control to our physical server rooms and various online applications systems, only grant access to employees with legitimate business needs at the appropriate level and regularly check our system logs, in which physical server room’s access history and system users’ behaviors are recorded. Employees shall sign into the internal

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information system with their respective employee ID and password. We classify our staff based on their positions and responsibilities and grant them different access rights so that only necessary personnel could access certain confidential information after obtaining internal approval. All unnecessary access to our database is prohibited. We log all activities that involve accessing private data. In addition, we established database management and information system development policies related to data protection, and we also clarified employees' confidentiality responsibilities in employee handbook and provided training to employees to ensure that they are aware of our internal policies in relation to customer data protection. As advised by our PRC Legal Advisor, according to the public information search, no search results showed that we had been subject to any complaints, reports, disputes, administrative investigations, penalties, arbitration or litigation related to personal information data protection matters as of the Latest Practicable Date. Based on the above, our PRC Legal Advisor is of the view that we are compliant with the applicable personal information protection laws and regulations in all material aspects in the PRC during the Track Record Period and up to the Latest Practicable Date.

### RESEARCH AND DEVELOPMENT

As of December 31, 2020, we had a research and development team of 22 personnel, most of whom had bachelor's degrees or above. Our research and development personnel primarily focus on projects related to our property management services and lifestyle services. Our total expenditure for research and development amounted to RMB6.9 million, RMB8.2 million and RMB9.1 million in 2018, 2019 and 2020, respectively.

### SALES AND MARKETING

The cooperation development center at our headquarters and regional cooperation development departments are primarily responsible for developing our overall marketing strategy and objectives, conducting market research, maintaining client relationships development and participating in tenders to obtain new contracts with third-party property developers. The marketing department at our headquarters is responsible for formulating our overall marketing strategies, organizing regular meetings among the marketing personnel at our subsidiaries, and allocating opportunities and resources among our subsidiaries. The subsidiaries are responsible for the execution of our marketing strategies, conducting business development, managing our efforts in relation to tender bids, and exploring other expansion possibilities or cooperation with third parties. They are also expected to explore and establish information channels within their respective localities for business development and market research purposes. Such information channels may include, for example, websites or other platforms on which property developers, property owner associations, stated-owned enterprises, government agencies and commercial banks announce tender opportunities, or uncovering business opportunities by way of recommendation or frequent communication with customers, local tendering agencies, and other industry players. We strive to form new and maintain existing business relationships with potential customers. From time to time we will also organize events to promote or showcase our service offerings during holidays or other occasions.



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In 2018, 2019 and 2020, our total selling expenses amounted to RMB1.3 million, RMB3.4 million and RMB3.2 million, respectively.

### CUSTOMERS

#### Overview

Our customer base primarily consists of property developers, property owners, residents and tenants. The table below sets forth the main types of our major customers for each of our business lines:

| Business Lines   | Major Customers   |
|--|---|
| <b>Property management services</b> . . . . .                      | Property owners, property owners' associations, residents and tenants |
| <b>Value-added services to non-property owners</b> . . . . .       | Property developers   |
| <b>Commercial Operational Services</b>                             |   |
| Market research and positioning . . . . .                          | Property developers and property owners                               |
| Opening preparation . . . . .                                      | Property developers and property owners                               |
| Tenant sourcing services . . . . .                                 | Property owners   |
| Tenant management services . . . . .                               | Property owners   |
| Commercial management services . . . . .                           | Tenants   |
| Marketing and promotion services . . . . .                         | Tenants   |
| Commercial properties leasing . . . . .                            | Tenants   |
| <b>Lifestyle Services</b>  |   |
| Community living services . . . . .                                | Residents, tenants and property owners                                |
| Community asset management services . . . . .                      | Residents, tenants and property owners                                |
| Online and offline retail services and catering services . . . . . | Residents, tenants, property owners and other customers               |
| Marketing event organization services . . . . .                    | Businesses  |
| Community space operational services . . . . .                     | Property owners, tenants and other customers                          |

In 2018, 2019 and 2020, revenue from our five largest customers amounted to RMB64.0 million, RMB133.9 million and RMB262.5 million, respectively, accounting for 24.8%, 35.2% and 44.6% of our total revenue for the same periods, respectively. During the Track Record Period, our largest customer was New Hope Group to whom we provided property management services, value-added services to non-property owners, commercial operational services and lifestyle services. In 2018, 2019 and 2020, revenue generated from our services provided to New Hope Group amounted to RMB62.9 million, RMB132.5 million and RMB242.4 million, respectively, accounting for 24.4%, 34.8% and 41.2% of our total revenue, respectively. See “Connected Transactions—(C) Continuing Connected Transactions Subject to the Reporting,



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Annual Review, Announcement and Independent Shareholders' Approval Requirements.” Other than New Hope Group, our five largest customers during the Track Record Period were Independent Third Parties. The credit terms granted to our five largest customers in Trade Record Period generally range from five to 90 days. During the Track Record Period, our five largest customers generally paid us through bank transfers, and there was no substantial difference among our five largest customers in terms of payment terms for similar services under similar circumstances.

During the Track Record Period, New Hope Group was also our second largest supplier in 2020, from whom we purchased certain food and dairy product in the amount of RMB5.9 million, accounting for 1.7% of our total cost of sales. See “—Suppliers” for details.

The following tables set out certain details of our five largest customers for the Track Record Period:

### 2020

| Rank | Customer       | Customer Type  | Length of business relationship with us<br><i>Year</i> | Services provided by us   | Revenue<br><i>(RMB'000)</i> | Percentage of total revenue<br><i>%</i> | Relationship with us    |
|------|----------------|--|--|---|-----------------------------|---|-------------------------|
| 1.   | New Hope Group | Business group in agriculture, animal husbandry, food processing and other sectors | 10   | Property management services, value-added services to non-property owners, commercial operational services and lifestyle services | 242,372                     | 41.2                                    | Related party           |
| 2.   | Customer A     | Urban railway operator   | less than one year                                     | Sales office management services and property management services   | 7,671                       | 1.3                                     | Independent Third Party |
| 3.   | Customer B     | Geological prospecting company   | 1  | Catering services   | 4,679                       | 0.8                                     | Independent Third Party |
| 4.   | Customer C     | Property developer   | less than one year                                     | Community living services   | 4,360                       | 0.7                                     | Independent Third Party |
| 5.   | Customer D     | Advertising company  | less than one year                                     | Marketing event organization services   | 3,446                       | 0.6                                     | Independent Third Party |

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**2019**

| Rank | Customer       | Customer Type  | Length of business relationship with us | Services provided by us   | Percentage of total revenue |      | Relationship with us    |
|------|----------------|--|---|---|-----------------------------|------|-------------------------|
|      |                |  | Year                                    |   | Revenue<br>(RMB'000)        | %    |                         |
| 1.   | New Hope Group | Business group in agriculture, animal husbandry, food processing and other sectors | 10                                      | Property management services, value-added services to non-property owners, commercial operational services and lifestyle services | 132,465                     | 34.8 | Related party           |
| 2.   | Customer E     | Airline  | 8                                       | Common area management services   | 682                         | 0.2  | Independent Third Party |
| 3.   | Customer F     | Advertising company  | 3                                       | Common area management services   | 386                         | 0.1  | Independent Third Party |
| 4.   | Customer G     | Individual   | 2                                       | Common area management services   | 181                         | 0.05 | Independent Third Party |
| 5.   | Customer H     | Media and retail company   | 2                                       | Common area management services   | 177                         | 0.05 | Independent Third Party |

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## BUSINESS

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2018

| Rank | Customer       | Customer Type  | Length of business relationship with us<br><i>Year</i> | Services provided by us   | Revenue<br><i>(RMB'000)</i> | Percentage of total revenue<br><i>%</i> | Relationship with us    |
|------|----------------|--|--|---|-----------------------------|---|-------------------------|
| 1.   | New Hope Group | Business group in agriculture, animal husbandry, food processing and other sectors | 10   | Property management services, value-added services to non-property owners, commercial operational services and lifestyle services | 62,889                      | 24.4                                    | Related party           |
| 2.   | Customer E     | Airline  | 8  | Common area management services   | 679                         | 0.3                                     | Independent Third Party |
| 3.   | Customer I     | Coffee company   | 2  | Common area management services   | 161                         | 0.06                                    | Independent Third Party |
| 4.   | Customer J     | Cleaning and disinfectant supplies manufacturer                                    | 3  | Property management services and common area management services  | 158                         | 0.06                                    | Independent Third Party |
| 5.   | Customer K     | Health consulting company  | 3  | Common area management services   | 122                         | 0.05                                    | Independent Third Party |

During the Track Record Period and as of the Latest Practicable Date, save as disclosed above, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest customers. Customer E ceased to be our customer in 2020 because it no longer needed our services due to its own commercial reason and the relevant service contract was terminated based on mutual agreement.

**SUPPLIERS****Overview**

Our suppliers are primarily subcontractors located in China which provide cleaning, security, landscaping, certain repair and maintenance services and third-party suppliers for our online and offline retail services and catering services. We outsource those services to lower our cost of sales and improve our service quality. Our subcontractors specialize in the services they perform and generally operate in an efficient manner. We believe that such subcontracting arrangements allow us to leverage the human resources and technical expertise of our subcontractors, reduce our labor costs and enhance our overall profitability. In 2018, 2019 and 2020, our subcontracting costs, recorded as outsourced labor costs, amounted to RMB44.4 million, RMB55.5 million and RMB86.5 million, respectively, accounting for 30.0%, 25.1% and 25.4%, respectively, of our total cost of sales for the same periods. Our subcontractors typically granted us a credit term of one to two months during the Track Record Period. We generally paid our subcontractors through bank transfers. During the Track Record Period, there was no substantial difference among our subcontractors in terms of payment terms. We and our suppliers typically enter into agreements with a term of one to two years and renew such agreements after their expiry. During the Track Record Period, we did not experience any material delay, supply shortages or disruptions in our operations relating our suppliers, or any material product claims attributable to our suppliers.

In 2018, 2019 and 2020, purchases from our five largest suppliers amounted to RMB13.0 million, RMB15.1 million and RMB25.3 million, respectively, accounting for 8.8%, 6.8% and 7.4% of our total purchases for the same periods, respectively. In 2018, 2019 and 2020, purchases from our largest supplier amounted to RMB3.3 million, RMB3.3 million and RMB8.2 million, respectively, accounting for approximately 2.2%, 1.5% and 2.4%, respectively, of our total cost of sales. During the track record period, save as our second largest supplier in 2020, New Hope Group, all of our five largest suppliers were Independent Third Parties. Our five largest suppliers generally granted us a credit term of five to 15 days during the Track Record Period. During the Track Record Period, we generally paid our five largest suppliers through bank transfers. In addition, there was no substantial difference among our five largest suppliers in terms of payment terms during the Track Record Period, other than the payment terms with New Hope Dairy and its subsidiaries and associates, which are a part of New Hope Group, our second largest supplier in 2020. In 2020, we purchased from New Hope Dairy and its subsidiaries and associates fast moving consumer goods, namely dairy products, which are different in nature from the security and cleaning services that we procured from other five largest suppliers during the Track Record Period. Specifically, with respect to the procurement of dairy products from New Hope Dairy and its subsidiaries and associates, we are required to pay a deposit upfront and have the purchase amount deducted from such deposit as we order products, and we then replenish the deposit when it is depleted. This arrangement is consistent with their payment terms with other customers, to our best knowledge and after consulting New Hope Dairy and its subsidiaries and associates.

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The following tables set out details of our five largest suppliers for the Track Record Period:

### 2020

| Rank | Supplier                      | Supplier Type  | Length of business relationship with us<br><i>Year</i> | Products/ services provided to us | Purchase amount<br><i>(RMB'000)</i> | Percentage of total purchase<br><i>%</i> | Relationship with us    |
|------|-------------------------------|--|--|-----------------------------------|-------------------------------------|--|-------------------------|
| 1.   | Supplier A                    | Security services provider   | 3  | Security services                 | 8,172                               | 2.4                                      | Independent Third Party |
| 2.   | New Hope Group <sup>(1)</sup> | Business group in agriculture, animal husbandry, food processing and other sectors | 10   | Food and dairy products           | 5,927                               | 1.7                                      | Related party           |
| 3.   | Supplier B                    | Cleaning services provider   | 2  | Cleaning services                 | 4,256                               | 1.3                                      | Independent Third Party |
| 4.   | Supplier C                    | Cleaning services provider   | 2  | Cleaning services                 | 3,955                               | 1.2                                      | Independent Third Party |
| 5.   | Supplier D                    | Cleaning services provider   | 1  | Cleaning services                 | 2,999                               | 0.9                                      | Independent Third Party |

*Note:*

- (1) In 2020, we purchased certain food products from New Hope Liuhe Co., Ltd. (新希望六和股份有限公司) and its subsidiaries and associates, a part of New Hope Group, for our online and offline retail services in the amount of RMB2.3 million, accounting for 0.7% of our total cost of sales of the same year. In 2020, we also purchased certain dairy products from New Hope Dairy and its subsidiaries and associates, a part of New Hope Group, for our online and offline retail services, in the amount of RMB3.6 million, accounting for 1.1%, of our total cost of sales of the same year.

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### 2019

| Rank | Supplier   | Supplier Type              | Length of business relationship with us<br><i>Year</i> | Products/ services provided to us | Purchase amount<br><i>(RMB'000)</i> | Percentage of total purchase<br><i>%</i> | Relationship with us    |
|------|------------|----------------------------|--|-----------------------------------|-------------------------------------|--|-------------------------|
| 1.   | Supplier E | Cleaning services provider | 2  | Cleaning services                 | 3,329                               | 1.5                                      | Independent Third Party |
| 2.   | Supplier D | Cleaning services provider | 1  | Cleaning services                 | 3,308                               | 1.5                                      | Independent Third Party |
| 3.   | Supplier A | Security services provider | 3  | Security services                 | 3,253                               | 1.5                                      | Independent Third Party |
| 4.   | Supplier F | Security services provider | 3  | Security services                 | 2,740                               | 1.2                                      | Independent Third Party |
| 5.   | Supplier C | Cleaning services provider | 1  | Cleaning services                 | 2,456                               | 1.1                                      | Independent Third Party |

### 2018

| Rank | Supplier   | Supplier Type              | Length of business relationship with us<br><i>Year</i> | Products/ services provided to us | Purchase amount<br><i>(RMB'000)</i> | Percentage of total purchase<br><i>%</i> | Relationship with us    |
|------|------------|----------------------------|--|-----------------------------------|-------------------------------------|--|-------------------------|
| 1.   | Supplier F | Security services provider | 3  | Security services                 | 3,307                               | 2.2                                      | Independent Third Party |
| 2.   | Supplier G | Security services provider | 3  | Security services                 | 3,154                               | 2.1                                      | Independent Third Party |
| 3.   | Supplier A | Security services provider | 3  | Security services                 | 2,408                               | 1.6                                      | Independent Third Party |
| 4.   | Supplier H | Security services provider | 3  | Security services                 | 2,282                               | 1.5                                      | Independent Third Party |
| 5.   | Supplier E | Cleaning services provider | 2  | Cleaning services                 | 1,820                               | 1.2                                      | Independent Third Party |

During the Track Record Period and as of the Latest Practicable Date, save as disclosed above, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest suppliers.

### **Selection and Management of Our Subcontractors**

In general, we set up teams at the headquarters level for supervising and reviewing the selection, evaluation of our subcontractors and making decisions with respect to the projects in need of subcontractors. Our subsidiaries support our headquarters in their supervision, review and decision-making processes. Our personnel in charge of subcontractor management are responsible for organizing the selection and review procedures to enlist a subcontract onto the pre-approved list. In hiring subcontractors, our subsidiaries and branches may send invitations to tender to subcontractors on the pre-approved list and assess their tender submissions based on criteria such as service quality, industry reputation, price, past performance and cooperativeness.

We regularly monitor and evaluate our subcontractors. Managers for each property management project are expected to inspect the work of subcontractors on a monthly basis and fill in evaluation forms for record keeping. We will issue rectification notice and deduct subcontracting fees if our subcontractor fails to adhere to certain contract obligations. We organize evaluations of all subcontractors semiannually, grade the subcontractors based on evaluation forms and decide whether to terminate the contractual relationship. We require performance deposits from the subcontractors and may use such performance deposits to settle any liquidated damages or indemnify us for losses incurred due to the subcontractor's substandard performance. We have established internal policies and procedures with respect to prerequisites for licenses and qualifications, our evaluation standards for subcontractor's performance, and management of complaints received about services provided by our subcontractors.

### **Key Terms of Our Subcontracting Agreements**

Our subcontracting agreements typically include the following key terms:

- *Term.* Such agreements are typically signed for two-year terms and may be renewed by mutual consent. We will consider re-engaging the subcontractors based on the quality of their services.
- *Performance standards.* The subcontracting agreement would set forth the scope and expected standards of the subcontractor's services, including areas to which the subcontracting services relate, frequency for such service and the types of inspections we require.

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- *Our rights and obligations.* Generally, we have both the right and obligation to supervise and evaluate our subcontractors. We are also responsible for providing them with the necessary support for the completion of their services, which may include, for example, the free use of office facilities. We generally pay subcontracting fees on a monthly basis. We are generally entitled to collect damages for breach of contract or deduct subcontracting fees if our subcontractors fail to adhere to our performance scope and standards.
- *Rights and obligations of subcontractors.* Our subcontractors undertake to provide their services in accordance with the scope, frequency and standards of quality prescribed in the relevant subcontracting agreements.
- *Risk allocation.* Our subcontractors manage their own employees, with whom we have no employment relationship. Our subcontractors are responsible for conduct safety training, purchasing necessary insurance for their own employees and compensating their own employees who suffer damages to person or property in the course of providing the contracted services. They are also responsible for damages to, or losses of, any person or property arising out of the default of such subcontractor in the course of providing the contracted services.
- *Procurement of raw materials.* Our subcontractors will generally procure their own tools and other raw materials required for providing their contracted services, unless specified otherwise in the agreement.
- *Termination and renewal.* We monitor and assess the performance of subcontractors regularly. Generally, we have the right to terminate the agreement and demand liquidated damages and/or the retention to performance deposit, if our subcontractors fail to honor their rights and obligations. Parties may negotiate renewal of the agreements one month before the agreements expire.

## QUALITY CONTROL

We prioritize quality in our services and believe quality control is crucial to our long-term success and future prosperity. We have established a comprehensive quality control system, which includes, (i) a professional quality control team primarily responsible for implementing and maintaining service standards, standardizing service procedures and supervising service quality throughout our operational processes to ensure consistent adherence to such standards; (ii) quality control protocols and standardized service procedures on engineering work, customer service, safety control and environmental protection; and (iii) scheduled or random quality check conducted by follow-up phone calls, recorded video, onsite inspections and review of feedback in our internal claim report system.

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



### **Quality Control of Our Property Management Services**

We obtained the ISO 9001:2015 quality management system certification for office buildings and residential properties, the ISO 14001:2015 environment management system certification for office buildings and residential properties and the OHSAS 18001:2007 and ISO 45001:2018 occupational health and safety management system certification in December, 2017 and December 2020, respectively. See “—Occupational Health, Safety and Environmental Matters” below for more details. As advised by our PRC Legal Advisor, our Directors believe that, as of the Latest Practicable Date, we had obtained all material licenses, permits, certificates and approvals from relevant authorities for our operations in the PRC. We are required to renew such licenses, permits and certificates from time to time. We do not expect any difficulties in obtaining such renewals as long as we meet the applicable requirements and conditions set by relevant laws and regulations.

To ensure the effective and consistent delivery of our high quality services, we have established various procedures and systems to monitor and maintain the quality of our services across all our managed projects.

- *Customer feedback collection and complaint management.* We keep track of our customers’ feedbacks on our service quality. We have designated customer service personnel and established a 400 service hotline, Modern Leisure Lifestyle (漫生活) mobile application and a WeChat official account to ensure not only that our customers have easy and convenient access to our customer service personnel, but also that such personnel can tackle with customers’ concerns and complaints in a timely and effective manner. Further, we also adopt standardized procedures to manage customers’ complaints. Our customer service personnel are required to respond to the customer’s complaints within in a timely manner. They need to discuss the problem with the customer to understand the relevant background of the issue and propose a preliminary solution to the extent possible. On an as-needed basis, the personnel may also contact other departments, such as repair and maintenance, to arrange assistance to resolve the issue.
- *Service quality inspections.* We maintain regular and close supervision of our service quality. We have quality control personnel at the project-, regional-and headquarters-levels. Monthly evaluation is carried out both at the regional and project level, a comprehensive quarterly evaluation of relevant projects is carried out at the regional level, and projects are also sampled and inspected by the quality control personnel at the headquarters level on half-yearly basis.
- *Independent third-party surveys.* We engage independent professional institutions to help us to assess our service quality by independently conducting customer satisfaction surveys.

**Quality Control of Subcontractors**

To ensure and maintain the quality of service provided by our subcontractors, we have established internal rules and procedures to monitor our selection of, cooperation with and inspections on the subcontractors. We have developed our own procurement management procedures and guidelines and engage our subcontractors in accordance with standardized procedures as stipulated. We generally include in the agreements with subcontractors detailed quality standards for the services to be provided and termination clauses in the event of the subcontractors' underperformance. For instance, if our subcontractors fail to meet pre-agreed standards on the personnel attendance, competency, service quality assessment or safety management, we have the contractual right to terminate the cooperation.

We regularly evaluate the performance of our subcontractors. For example, we conduct regular inspections and assessment on the performance of our subcontractors at least twice per year, depending on the scale of the projects and areas involved. We also keep tracking our customers' feedback in relation to our subcontractors' performance through our 400 service hotline, Modern Leisure Lifestyle (漫生活) mobile application and WeChat official account. We have the contractual right to adjust subcontracting fees and to decide whether to continue our subcontracting contract depending on the outcomes of the subcontractor's performance. If the subcontractor fails to meet our quality standards, we will require the subcontractor to take necessary rectification measures, or may terminate our cooperation with the subcontractor.

**Quality Control of Third-party Vendors**

We implement a variety of measures and policies to ensure the quality of the products and services offered by third-party vendors, such as selecting vendors based on our internal quality control policy and screening candidate vendors before entering into cooperation agreements with them. The vendors are also required to indemnify us for losses incurred due to defective products or substandard services. We also have the right to replace a third-party vendor in the event of underperformance.

**EFFECTS OF THE COVID-19 OUTBREAK****Effects of the COVID-19 Outbreak on Our Business Operations**

A respiratory illness caused by a novel coronavirus (COVID-19) was first detected at the end of 2019 and continued to spread across the PRC and globally in early 2020. In response to the COVID-19 pandemic, the PRC government has imposed measures across the PRC including, but not limited to, travel restrictions and quarantine for travelers or returnees, whether infected or not, and an extended shutdown of certain business operations.

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In the short term, we have reduced our commercial operating fees to certain customers by approximately RMB3.3 million, such as by granting (i) Wenzhou Liti City Shopping, a commercial property under our management, an exemption of property management service fees for one month; and (ii) tenants of Xi Wang Hui, a right-of-use asset that we held for subleasing purpose, an exemption of rent for one month. We incurred additional operating costs of approximately RMB1.0 million associated with our enhanced hygienic measures. However, we also benefited from RMB17.1 million of reduction in our required contribution to the social insurance fund as a government relief in response to the COVID-19 pandemic, and our business continued to grow during 2020. As a result, our gross profit increased from RMB159.5 million in 2019 to RMB247.4 million in 2020 despite the COVID-19 pandemic. In the long term, we do not expect the COVID-19 pandemic to have a significant impact on our business operation or financial position. Despite the outbreak of the COVID-19 pandemic, we have not experienced and do not expect to experience any material difficulty in collecting property management fees, or any material delay in our provision of property management services and value-added services to non-property owners arising from delays in the development and delivery of properties developed by the Controlling Shareholders and Associates and Independent Third Parties, or a significant decrease in the demand for our commercial operational services and lifestyle services.

To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been no cases of COVID-19 infection of the residents, tenants or our staff of properties we managed in the PRC and none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any material disruption to the services provided by our subcontractors and utilities service providers and the supply of materials from our suppliers. Our Directors consider that while the supply chains in all industries are disrupted to a certain extent by the outbreak of COVID-19, particularly due to the prolonged suspension of business operations in the PRC in early 2020 and the instability of workforce arising from the mandatory quarantine requirements, in view of the nature of our business, our Directors do not expect that we will encounter any material disruptions of our supply chain given that we do not rely on any particular service subcontractors or material suppliers and there are many other readily available subcontractors and suppliers in the market as back-up. In view of the foregoing, our Directors are confident that our Group can continue to provide our services and discharge our obligations under existing contracts.

Given the nature and diversity of our business operations, our Directors are of the view that the risk of our Group having to suspend our operations extensively or completely is remote. Based on the above, our Directors are of the view that no material adverse effect on our operations and financial performance is expected to result from the COVID-19 outbreak. In the unlikely event that we are forced to reduce or suspend part of our business operations, whether due to government policy or any other reasons beyond our control as a result of the COVID-19 outbreak, we estimate our existing financial resources (including cash and bank balances and amounts due from related parties to be repaid before Listing) as of December 31, 2020 could satisfy our necessary costs for approximately 12 months. Key assumptions of the above estimates primarily include: (i) no revenue would be generated due to suspension of

business; (ii) overall operating and administrative expenses and estimated monthly fixed costs will be incurred to maintain our operations at a minimum level; (iii) the expansion plan is suspended under such condition; (iv) we would only use the immediate cash and deposits available, including our cash and cash equivalents as of December 31, 2020, and there will be no further internal or external financing from Shareholders or financial institutions; (v) no further dividend will be declared and paid under such situation; (vi) 10% of the net proceeds of RMB69.8 million from the Global Offering that will be used as our general working capital, based on the Offer Price of HK\$3.80 per offer share, being the low-end of the offer price range; (vii) the non-trade amount due from or to related parties as set out in the audited combined financial statements as of December 31, 2020 would be received or paid, respectively, by our Group before the Listing; (viii) our trade payables will be settled when due, while we will be able to collect trade receivables from our customers based on historical settlement pattern; and (ix) there are no material changes in the near future that would significantly affect the aforementioned key assumptions.

### **Our Contingency Plan and Response towards the COVID-19 Outbreak**

In response to the COVID-19 outbreak, we have implemented a contingency plan to minimize the disruptions that may be caused to our business operations, including identification of and discussions with various suitable service subcontractors and material suppliers which meet our demands and requirements to ensure the stability and consistency of our services, sourcing of quantities of materials needed for our operations to reduce any disruptions that may cause, and implementation of the flexible rotation arrangements for our staff across the PRC with an aim to control and minimize possible community transmission of COVID-19. Further, we have also adopted enhanced hygiene and precautionary measures across the office premises and properties under our management. The additional costs for implementing these enhanced measures are expected to mainly arise from spending on masks, ethanol hand wash, disinfectants and infrared thermometers. Our Directors believe that the additional costs associated with the enhanced measures, after taking into account the medical and cleaning supplies distributed by local governments and relevant regulatory policies such as deduction of social insurance contributions, would have no significant impact on our financial position for the year ending December 31, 2021.

### **Effects of the COVID-19 Outbreak on Our Business Strategies**

While the property market in the PRC may experience some of impact from the COVID-19 outbreak, given the continuous rise in the urban population and urbanization rate in China, we believe that the demand for residential and commercial properties in areas with high population density and spending power will remain high. Also, according to Savills and EH Consulting, while the outbreak of COVID-19 has caused certain short-term economic slowdown across China, it has been effectively controlled in China and is unlikely to affect the regional macroeconomic development plan and talent attraction plan in the long run. The national GDP of China amounted to RMB101.6 trillion in 2020, representing a 2.3% increase from 2019 while other countries' economies contracted. Although China's GDP shrank 6.8% in the first quarter of 2020, the government's measures to contain the spread of COVID-19

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allowed China's economy to grow 3.2%, 4.9% and 6.5% in the second, third and fourth quarter of 2020, respectively, beating market expectation. In addition, the GDP of the Southwestern China region amounted to RMB4.9 trillion in 2020, with the GDP of Chengdu in 2020 amounted to RMB1.8 trillion, representing a 4.0% increase from 2019. The outlook for the demand of residential and commercial properties and related property management services in China thus remains positive. We therefore believe that our expansion plan as discussed above is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this prospectus as a result of the COVID-19 outbreak.

### INTELLECTUAL PROPERTY

We regard our intellectual property rights as material to our business. As of the Latest Practicable Date, we had registered four copyrights, two domain names and 103 trademarks, and we had been licensed to use another 15 trademarks. As of the Latest Practicable Date, we were not aware of any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Group, or any disputes with third parties with respect to intellectual property rights.

### AWARDS AND RECOGNITIONS

The following tables set forth some of our awards received during the Track Record Period:

| Year | Award/Recognition   | Awarding entity               |
|------|---|-------------------------------|
| 2020 | Ranked 39th among the 2020 Top 100 Property Management Companies in China in terms of Overall Strength (2020中國物業服務企業綜合實力百強企業排名第39位) | EH Consulting (億翰智庫)          |
| 2020 | 2020 Top Ten Property Management Companies in China in terms of Revenue Generating Capacity per Square Meter (2020中國物業企業單坪創收十強)     | EH Consulting (億翰智庫)          |
| 2020 | 2020 China Outstanding Property Enterprise in Sales Office Services (2020中國案場服務優秀物業企業)  | China Index Academy (中國指數研究院) |
| 2020 | 2020 China Property Eco-chain Quality Service Provider (2020中國物業生態鏈優質服務商)   | China Index Academy (中國指數研究院) |
| 2020 | 2020 Professional Operational Leading Brand of China Property Service Companies (2020中國物業服務專業運營領先品牌企業)                              | China Index Academy (中國指數研究院) |
| 2020 | 2020 Top 100 Blue-Chip Property Management Companies (2020藍籌物業服務百強企業)   | The Economic Observer (經濟觀察報) |

## BUSINESS

| Year | Award/Recognition   | Awarding entity   |
|------|---|---|
| 2019 | 2019 Top 50 Property Management Companies in terms of Brand Value (2019物業服務企業品牌價值50強)   | China Property Management Association and Shanghai Yiju Real Estate Research Institute China Real Estate Evaluation Center (中國物業管理協會、上海易居房地產研究院中國房地產測評中心) |
| 2019 | 2019 Potential Property Management Unicorn Company (2019物業服務企業潛力獨角獸)  | China Property Management Association and Shanghai Yiju Real Estate Research Institute China Real Estate Evaluation Center (中國物業管理協會、上海易居房地產研究院中國房地產測評中心) |
| 2019 | Ranked 51st among the 2018 Top 100 Property Management Companies in terms of Overall Strength (2018年物業服務企業綜合實力測評TOP100排名第51位)       | China Property Management Association and Shanghai Yiju Real Estate Research Institute China Real Estate Evaluation Center (中國物業管理協會、上海易居房地產研究院中國房地產測評中心) |
| 2019 | Ranked 39th among the 2019 Top 100 Property Management Companies in China in terms of Overall Strength (2019中國物業服務企業綜合實力百強企業排名第39位) | EH Consulting (億翰智庫)  |
| 2019 | Golden Key China Excellent Service Team (中國服務示範企業-中國金鑰匙)  | China Service Forum (中國服務論壇)  |
| 2018 | Ranked 41st among the 2018 Top 100 Community Services Providers in China in terms of Overall Strength (2018年中國社區服務商綜合實力百強企業排名第41位)  | EH Consulting (億翰智庫)  |
| 2018 | 2018 Top Ten Community Services Providers in China in terms of Creativity (2018年中國社區服務商創新性十強)                                       | EH Consulting (億翰智庫)  |

## COMPETITION

The property management industry in the PRC is intensely competitive and highly fragmented with a few sizeable companies and numerous small-sized market participants. Sizeable companies with professional knowledge, financial strength and background or affiliation with property developers are more competitive and are at a more advantageous position in the market. As a reputable player in comprehensive property management segment, according to Savills and EH Consulting, we primarily compete against national and regional comprehensive property management companies. We believe that the core competitiveness lies

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in factors including, among other things, quality of services, business operation, price, financial resources, brand recognition and reputation. For more details about the industry and markets that we operate in, see “Industry Overview.”

### **OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS**

We are subject to PRC laws in relation to labor, safety and environment protection matters. We have established occupational safety, sanitation systems and environment protection system, implemented the OHSAS 18001:2007 and ISO 45001:2018 standards in our operations, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. 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 environmental protection important and are committed to operating our business in compliance with applicable environmental protection laws and regulations. We have implemented reasonable measures in the operation of our businesses to comply with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

### **INSURANCE**

We believe that our insurance coverage is in line with the industry practice in the PRC and is sufficient to cover our current operations. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily (i) liability insurance to cover liabilities for property damages or personal injury suffered by third parties arising out of or related to our business operations, and (ii) employer’s liability insurance for damages in relation with workplace injuries, accidents and occupational hazard involving our employees.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. See “Risk Factors—Risks Relating to Our Business and Industry—Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation.”



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### EMPLOYEES

We believe that our quality personnel are our key to success and future development. We place strong emphasis on recruiting and training quality personnel. We recruit talent from various sources, such as universities, third-party recruitment agencies and other companies, and provide on-going training and promotion opportunities to our staff members.

As of December 31, 2020, we had a total of 3,442 full time employees in the PRC. The following table sets forth a breakdown of our employees by function as of December 31, 2020:

| Function   | Number of<br>employees | Percentage of<br>our total<br>employees |
|--|------------------------|---|
|  |                        | %                                       |
| Market development . . . . .   | 29                     | 0.8                                     |
| Lifestyle service management . . . . .   | 184                    | 5.4                                     |
| On-site employees . . . . .  | 2,136                  | 62.0                                    |
| Quality control. . . . .   | 654                    | 19.0                                    |
| Human resources administration, financial<br>management, operational management, risk<br>management and others . . . . . | 439                    | 12.8                                    |
| <b>Total . . . . .</b>   | <b>3,442</b>           | <b>100.0</b>                            |

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulties in recruiting suitable employees for our business operations. During the Track Record Period and up to the Latest Practicable Date, our employees did not negotiate their terms of employment through any labor union or by way of collective bargaining agreements nor did we have any material disputes with our employees, or experience any strike, labor disputes or industrial actions that may have a material adverse effect on our business, financial position and results of operations.

### Recruiting

We rely on high quality personnel for consistent delivery of high quality services. We endeavor to hire the talented and well-suited employees in the market by offering competitive wages, bonus, benefits, systematic training opportunities and internal upward mobility. During our recruiting process, we seek talent that is best suited to our vacancy by sourcing through a broad range of channels, including online advertisements, universities, third-party recruiting agencies and employee referrals.



**Training**

We provide various systematic and extensive training programs to our employees. To provide continuous training to our employees at different levels to specialize and strengthen their skill sets, we established the New Hope Service Academy (新希望服務學院) as our internal occupational training center. It has six departments, namely Corporate Culture Department (企業文化學院) for corporate culture education, Leadership Department (領導力學院) for leadership training programs, Community Ecology Department (社區生態學院) for training programs relating to residential property management, Corporate Service Department (商企學院) for training programs relating to non-residential property management, Engineering Service Department (魯班學院) for training programs relating to value-added services to non-property owners, Service Industry Department (服務產業學院) for training programs relating to lifestyle services. Such training programs cover areas and topics such as service optimization and diversification, quality control, supervision and management, digitalization, compliance and risk management. We also set up eight local branches of New Hope Service Academy (新希望服務大學) in the key regions where we operate. In order to improve our business management, we also developed several special training programs targeted to our management trainees, project managers and senior management.

**OUR BANK ACCOUNT AND CASH MANAGEMENT POLICY**

We have a bank account and cash management system to manage the cash inflows and outflows of our subsidiaries in their ordinary course of business in accordance with PRC laws and regulations. We have detailed cash management policy to regulate our cash management and bank deposits management to ensure security and the reasonable use of our cash. Details of our cash management policy are set out as follows:

| <u>Cash flow transactions</u>  | <u>Cash handling policies and internal control measures</u>  |
|--|--|
| Receipt of property management fees, rent or other service fees from our customers . . | We have designated cashiers charged with cash collection at relevant properties. They will verify that the cash collected is the correct amount, deposit to our bank account the cash collected, except for the necessary cash reserve, and submit report to our online management system on a daily basis.                            |
| Payments made to our suppliers by our subsidiaries . . . . .                           | Such payment shall be submitted by related personnel in writing and pre-approved by the responsible supervising personnel according to the authority assigned to them by our internal manual. Once approved, the wire payments are arranged by internal accountants of the relevant subsidiary and paid from its online bank accounts. |

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### Cash flow transactions

### Cash handling policies and internal control measures

Cash transfers to our centralized bank account or the bank accounts of our subsidiaries and branch offices. . . . .

We receive cash through third-party payment platform such as WeChat Pay, Alipay, credit or debit card payments and bank transfers. Our employees are required to timely file all proofs of payment.

Cash inventory and deposits . . . . .

Our cashiers are required to reconcile and check bank balances on a daily basis. Our subsidiaries are required to conduct monthly reviews and/or unscheduled reviews, and, where there is any inconsistency, our subsidiaries are required to investigate and take rectification measures accordingly. Our headquarters also conduct periodic review on cash inventory and deposits of our subsidiaries.

## INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks during our operations. For details of the major risks identified by our management, see “Risk Factors—Risks Relating to Our Business and Industry.” We have implemented various risk management policies and measures to identify, assess, manage and monitor risks arising from our operations. In addition, we face various financial risks, including but not limited to interest rate, price, credit and liquidity risks that arise during our ordinary course of business. See “Financial Information—Quantitative and Qualitative Analysis about Market Risk.”

In connection with the Global Offering, we engaged an independent internal control consultant to review our internal controls and to provide us with relevant recommendations associated with their findings, based on an agreed scope covering controls and procedures in the following aspects: our services, risk assessment system, environmental control, management structure, communication and supervision system, regulatory compliance, financial reporting and accounting procedures, management of suppliers and procurement, cash and treasury management, human resources and salary management, tax payments, informational technology systems, insurance, fixed assets, application of licenses and permission and other general control measures. Meanwhile, we have implemented rectification and improvement measures to respond to the findings and recommendations. Our Directors are of the view that our internal control measures are adequate and effective for our current business environment.

### PROPERTIES

As of the Latest Practicable Date, we owned and had obtained the building title certificates for 180 parking spaces in the PRC, which we held for sale or lease, and we had also purchased another 327 parking spaces for which we expected to obtain the building title certificates in 2021. As of the Latest Practicable Date, we also leased 56 properties in various locations with an aggregated GFA of approximately 34,000 sq.m. mainly for subleasing or use as office premise or staff accommodation.

As of the Latest Practicable Date, we had not filed the lease agreements for 26 of our leased properties with the local housing administration authorities as required under PRC law, primarily due to lack of cooperation from the landlords in registering the relevant lease agreements, which was beyond our control, or due to the landlords' lack of title certificates. According to the relevant PRC laws and regulations, we might be ordered to rectify this failure to register by competent authority and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 may be imposed on us as a result. In the event that we are required to relocate from such leased property, given the nature of our operation, we believe that it would not be difficult for us to identify and relocate to an alternative premise and relocation would not result in any material disruptions to our business. Although we may incur additional relocation costs, our Directors are of the view that this would not have any material impact on our business, financial position and results of operations. 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 register the lease agreement described above. Our PRC Legal Advisor has also advised us that the failure to register the lease agreement would not affect the validity of the lease agreement, and 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.

As of the Latest Practicable Date, for a total of six leased properties, the lessors could not provide relevant title certificates or proof of property rights. As advised by our PRC Legal Advisor, if third parties are able to prove that they have valid titles to or valid leasehold interests in these properties and refuse to acknowledge our lease of such properties, we may not be able to enforce the lease agreements in relation to these properties. In the event that we are required to relocate from any of these leased properties as a result of the foregoing, given the nature of our operation, we do not believe that any relocation would result in material disruptions to our business. Moreover, replacement premises for the leased properties without title certificates and proofs of property rights, which we are using primarily as employee dormitories and office premises, are readily available. Although we may incur additional relocation costs, our Directors are of the view that this would not have any material impact on our business, financial position and results of operations.

**CERTIFICATES, LICENSES AND PERMITS**

We are required to obtain and maintain various certificates, licenses and permits in relation to our operations. As advised by our PRC Legal Advisor, save as the certificates, licenses and permits that were being renewed as of the Latest Practicable Date, we obtained all material certificates, licenses and permits from relevant regulatory authorities for our operations during the Track Record Period and up to the Latest Practicable Date, including in particular the filings of “non-commercial internet information services” required by our Modern Leisure Lifestyle (漫生活) mobile application and the relevant permits required for our canteen services. We are required to renew such certificates, licenses and permits from time to time. As to the certificates, licenses and permits that were being renewed as of the Latest Practicable Date, as advised by our PRC Legal Advisor, 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.

**LEGAL PROCEEDINGS AND COMPLIANCE****Legal Proceedings**

We may be involved in legal proceedings or disputes in the ordinary course of business from time to time, such as contract disputes with our customers, subcontractors, suppliers and other parties. As of the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations.

**Non-Compliance**

Our Directors are of the view that we had complied with all relevant laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

***Social Insurance and Housing Provident Fund Contributions***

According to the relevant PRC laws and regulations, we are required to make contributions to social insurance fund (including pension fund, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance) and housing provident fund for the benefit of our employees in China. During the Track Record Period, some of our PRC subsidiaries did not make full contribution to the social insurance and housing provident funds for some of our employees as required under PRC laws and regulations.

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### *Reasons for Not Making Full Contributions*

As confirmed by our Directors, we did not make full social insurance and housing provident fund contributions during the Track Record Period, which were mainly related to (i) newly enrolled employees not yet started contribution, (ii) rural household employees who have already made contributions under their rural accounts, (iii) intern staff for whom we did not make contribution due to their short term mobility, and (iv) retired staff as local guidance regarding the age of retirement for staff at different levels was not clear.

### *Legal Consequences and Potential Maximum Penalties*

According to the relevant PRC laws and regulations in respect of social insurance contributions, if we do not pay the full amount of social insurance contributions as required, the relevant authorities may demand us to pay the outstanding social insurance contributions by the deadline stipulated by them and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. We may be liable to a fine from one to three times the amount of the outstanding contributions if we fail to make such payments by the deadline stipulated by them. In respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within the time period stipulated by relevant authorities. If payment is not made within such stipulated time period, relevant PRC authorities may apply to PRC courts for compulsory enforcement. During the Track Record Period, (i) the outstanding amount of our social insurance contribution that arose in 2018, 2019 and 2020 was RMB1.2 million, RMB2.1 million and RMB2.2 million, respectively; (ii) the outstanding amount of our housing provident fund contribution that arose in 2018, 2019 and 2020 was RMB1.0 million, RMB1.3 million and RMB3.0 million, respectively. Based on the outstanding amount of our social insurance contribution of RMB5.4 million for the Track Record Period, the potential maximum fine which may be imposed on us if we fail to make required payment within the prescribed period as required by the government equals to three times of the outstanding amount of our social insurance contribution. During the Track Record Period, we made provisions with respect to four of our subsidiaries or branches for insufficient contribution to social insurance and housing provident funds. Each non-compliant subsidiary or branch's breach period for insufficient contribution, for which provisions had been made, ranges from three to 15 months. Such provisions were RMB0.5 million, RMB0.3 million and RMB0.4 million, respectively, in 2018, 2019 and 2020.

Our Directors have considered the following in assessing our exposures relating to social insurance and housing provident fund contributions: (i) as of the Latest Practicable Date, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance and housing provident funds; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties, material litigations and legal proceedings, nor were we aware of any material employee complaints or material labor disputes with our employees with respect to social insurance and housing provident funds; (iii) a majority of our PRC subsidiaries have obtained confirmations from competent local government authorities which confirmed that no penalties had been imposed on us with respect to social insurance and

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## BUSINESS

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housing provident funds during the Track Record Period; (iv) we made provisions for social insurance and housing provident fund contributions of RMB0.5 million, RMB0.3 million and RMB0.4 million, respectively, in 2018, 2019 and 2020; and (v) we will make full contributions or pay any shortfall within a prescribed time period if demanded by the relevant government authorities. We believe that the provisions for social insurance and housing provident fund contributions are sufficient, having considered the above-mentioned reasons.

Our Directors are of the view that the provisions for social insurance and housing provident fund contributions are sufficient and no further provision is required to be made in respect of the remaining PRC subsidiaries and branch offices, based on (i) written confirmations from local social insurance and housing provident fund authorities as stated above; (ii) the indemnity from our Controlling Shareholders in favor of our Group in respect of non-compliance; and (iii) as of the Latest Practicable Date, we had not received any notification from relevant PRC authorities alleging that we had not fully contributed to the social insurance premiums and housing provident funds and demanding payment of the same before a stipulated deadline. As of the Latest Practicable Date, we were also not aware of any complaints from relevant PRC authorities made by our employees or demands from our employees for payment of social insurance premiums and housing provident fund contributions, nor had we received any legal documentation from the labor arbitration tribunals or the PRC courts regarding material disputes in this regard. Nevertheless, in the event that we are required by the relevant authorities to make full contributions, we will make full contributions or pay any shortfall within the prescribed time period accordingly.

Based on the foregoing, our PRC Legal Advisor is of the view that the risk that we would be subject to material administrative penalties by relevant authorities is low. In light of the above, our Directors believe that our failure to fully contribute to social insurance and housing provident funds during the Track Record Period would not have any material adverse effect on our business operations or results of operations.

### *Remedial Measures*

In January 2021, we issued an internal notice, pursuant to which our human resource department shall strictly follow our employee benefit policies and relevant laws and regulations on social insurance and housing provident fund contributions. We have enhanced internal policies pursuant to which our legal department and human resource department will regularly check the compliance status of social insurance and housing provident fund contributions. We will timely rectify any non-compliance incidents.

Since January 2021, we have been in the processing of adjusting the contribution base of social insurance and housing provident funds for our employees in an effort to fully comply with the relevant PRC law and regulations. Based on the communications with the relevant government authorities, the adjustment of the contribution base is usually made in a designated time each year and such time varies in different regions. As such, we expect to make full contributions of social insurance and housing provident funds for all of our employees on an adjusted contribution base by October 2021.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### OVERVIEW

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised or any options that may be granted under the Share Option Scheme), Golden Rose will directly hold 68.1% of the issued share capital of our Company. Golden Rose is wholly owned by New Prosperity, which is in turn wholly owned by Sea Glory Developments Limited, a special purpose holding vehicle wholly owned by the trustee of the Cathaya Trust. The Cathaya Trust is an irrevocable discretionary trust for the benefit of Mr. Liu's family members. The protector of the Cathaya Trust is Adventure Way Pte. Ltd., which is controlled by Mr. Liu and Ms. Liu Chang through Medea Investments Limited. Mr. Liu is the father of Ms. Liu Chang. By virtue of the Acting in Concert Deed, Mr. Liu and Ms. Liu Chang, through Golden Rose, New Prosperity, Adventure Way Pte. Ltd. and Medea Investments Limited, controls more than 30% of the voting power at the general meeting of our Company. Accordingly, Mr. Liu, Ms. Liu Chang, Golden Rose, New Prosperity, Medea Investments Limited and Adventure Way Pte. Ltd. are our Controlling Shareholders under the Listing Rules. Each of Golden Rose, New Prosperity, Medea Investments Limited and Adventure Way Pte. Ltd. is an investment holding company.

We will continue to provide property management and other services to our Controlling Shareholders and its associates upon Listing. See "Connected Transactions" for details.

### ACTING IN CONCERT DEED

On January 8, 2021, our Ultimate Controlling Shareholders executed the Acting in Concert Deed, pursuant to which our Ultimate Controlling Shareholders had agreed and confirmed, among other things, from the date when they became the registered owners and/or beneficial owners of the equity interests in New Hope Property to the date when any one of them ceases to be our Controlling Shareholder: (a) they had been and would continue to be parties acting in concert and they had agreed to consult with each other and reach a unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group; (b) they had casted and would continue to cast their votes as shareholders (as appropriate) unanimously for or against all resolutions in all shareholders' meetings and discussions of any member of our Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of our Group.



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### DELINEATION OF BUSINESS

Our Group is primarily engaged in the provision of property management services, value-added services to non-property owners, commercial operational services and lifestyle services.

Apart from the interests in our Group, our Ultimate Controlling Shareholders, Mr. Liu and Ms. Liu Chang, are interested in certain other businesses including, (i) property development and property investment business; (ii) feed production, livestock and poultry slaughtering and sale of food products; (iii) production and sale of dairy products and fast moving consumer goods; (iv) environmental protection; (v) medical and healthcare; and (vi) banking related services (the “**Other Businesses**”), which do not, and are unlikely to compete, directly or indirectly, with the business of our Group. The Other Businesses were not injected into our Group as they neither form part of our core business nor in line with our strategy to enhance our position in China’s property management, commercial operation and lifestyle service industry.

It has been our Group’s strategy to focus on property management, commercial operational and lifestyle service business. The Other Businesses held by our Ultimate Controlling Shareholders are separate and distinct from our business. In order to focus the resources on our core businesses and streamline our business, our Ultimate Controlling Shareholders decided not to inject the Other Businesses into our Group. Our Directors are of the view that such businesses have not given and are unlikely to give rise to any direct or indirect competition with the business of our Group.

Taking into account the differences between such Other Businesses held by our Ultimate Controlling Shareholders and the business operations of our Group, our Directors are of the view that there is a clear business delineation between our business and the Other Businesses. As a result, none of the business of the companies controlled by our Ultimate Controlling Shareholders and their close associates would compete or is expected to compete, directly or indirectly, with the business of our Group which would require disclosure under Rule 8.10 of the Listing Rules. As of the Latest Practicable Date, save as disclosed below, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### Excluded Business

*Chengdu Jinguan Xincheng Property Management Co., Ltd.* (成都錦官新城物業管理有限責任公司) (“*Jinguan Xincheng*”)

Jinguan Xincheng was established in November 1999 and is principally engaged in the provision of property management services to three residential property projects and a commercial complex in Chengdu, Sichuan Province. As of the Latest Practicable Date, Jinguan Xincheng was held as to 60% by Chengdu Minjiang New Hope Garden Property Development Co., Ltd. (成都岷江新希望花園房地產開發有限責任公司) (“**Minjiang Garden**”), 20% by Chengdu Civil Jianzhu Tongyi Construction Office (成都市民用建築統一建設辦公室) (“**Jianzhu Tongyi Construction Office**”), an Independent Third Party, and 20% by New Hope Service, a major subsidiary of our Company. Minjiang Garden is in turn held as to 50% by Jianzhu Tongyi Construction Office and 50% by a subsidiary of New Hope Property.

Since (i) the operation of Jinguan Xincheng (including its own management and operation team, and finance and accounting systems) is independent from our Group; (ii) New Hope Group does not have control over the board of Jinguan Xincheng, and majority consent would be required for major decisions on business operation of Jinguan Xincheng, including engaging in new business development; and (iii) Jianzhu Tongyi Construction Office, as a shareholder directly interested in 20% and indirectly interested in 30% of the equity interest in Jinguan Xincheng, is entitled to a right of first refusal to the equity interest transfer in Jinguan Xincheng under the PRC Company Law and according to its written confirmation, Jianzhu Tongyi Construction Office refused to waive its right of first refusal if New Hope Property proposes to dispose of its indirect equity interest in Jinguan Xincheng to New Hope Service and it also expressly denied the proposal of changing the shareholding structure of Jinguan Xincheng, our Directors are of the view that it is practically impossible for us to acquire the indirect interest held by New Hope Property in Jinguan Xincheng without the consent and cooperation of Jianzhu Tongyi Construction Office. As such, the indirect equity interest held by New Hope Property in Jinguan Xincheng was not transferred to our Group as part of the Reorganization. Nevertheless, New Hope Property has undertaken to us that if the consent from Jianzhu Tongyi Construction Office is obtained in the future, it will transfer its 30% indirect equity interest in Jinguan Xincheng to our Group.

In addition, the GFA under the management of Jinguan Xincheng was considered to be immaterial as compared to the GFA under the management of our Group. Jinguan Xincheng was established prior to the establishment of our Group to provide property management services to the projects developed by New Hope Group. It currently manages four projects (including three residential property projects and one commercial complex) located in Wuhou District, Chengdu, Sichuan Province with an aggregated GFA under management of approximately 0.7 million sq.m. as of December 31, 2020, which accounted for approximately 7.0% of the total GFA under the management of our Group as of the same date.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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The table below sets forth certain information regarding the four projects managed by Jinguan Xincheng:

| <b>Project name</b>                         | <b>Property developer</b>  | <b>Date of entering into the first preliminary management service agreement*</b> |
|---|--|--|
| Jinguan Xincheng<br>(錦官新城) . . . . .        | Minjiang Garden  | December 21, 2001  |
| Hongnan Harbor<br>(錦官紅南港) . . . . .         | Chengdu Xinxiwang<br>Industrial Investment<br>Co. Ltd. (成都新希望實業<br>投資有限公司) | June 20, 2008  |
| Shangding International<br>(商鼎國際) . . . . . | Minjiang Garden  | June 5, 2009   |
| Jinguan Xiucheng<br>(錦官秀城) . . . . .        | New Hope Property  | June 23, 2009  |

*Note:*

\* The preliminary management service contracts generally do not have a fixed terms and will terminate when a property owners' association is established and a new property management service agreement is entered into. As of the Latest Practicable Date, these preliminary management service contracts were still in effect.

Jinguan Xiucheng (錦官秀城), which was developed solely by New Hope Property, was awarded to Jinguan Xincheng for management in 2009 because our Group was not yet established back then.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The table below sets forth the total revenue (including a breakdown of revenue for the provision of property management), gross profit and net profit of Jinguan Xincheng based on its audited reports for the year ended December 31, 2018, 2019 and 2020 and the percentage as compared with the revenue, gross profit and net profit of the Group for the same years:

|   | For the year ended December 31, |   |           |   |           |   |
|---|---------------------------------|---|-----------|---|-----------|---|
|   | 2018                            |   | 2019      |   | 2020      |   |
|   | (RMB'000)                       | <i>% as<br/>compared<br/>to that of<br/>the Group</i> | (RMB'000) | <i>% as<br/>compared<br/>to that of<br/>the Group</i> | (RMB'000) | <i>% as<br/>compared<br/>to that of<br/>the Group</i> |
| Revenue. . . . .  | 43,300                          | 16.8  | 44,518    | 11.7  | 39,610    | 6.7   |
| – Revenue for<br>provision of<br>property<br>management . . . | 19,874                          | 17.1  | 21,478    | 15.3  | 18,635    | 9.8   |
| Gross profit . . . . .  | 4,732                           | 4.3   | 6,437     | 4.0   | 5,178     | 2.1   |
| Net profit. . . . .   | 276                             | 0.7   | 2,201     | 3.4   | 2,494     | 2.3   |

Based on the financial information of Jinguan Xincheng, the scale of its business is comparatively smaller than those operated by our Group, to the best knowledge of our Directors, Jinguan Xincheng has not obtained any new project since 2009 and will maintain its current business scale and focus on projects primarily developed by Minjiang Garden in Chengdu, and it has no current intention to provide property management services to projects developed by other property developers in the foreseeable future. In addition, based on the written confirmation from Tongyi Jianzhu Construction Office, it does not agree on changing the scope of business and business development plan of Jinguan Xincheng. Therefore, it is reasonably expected that Jinguan Xincheng will not expand its business outside the four projects it currently manages. Furthermore, in July 2017, we entered into a property management service contract with the property owners' association of a residential project named Jinguan Licheng (錦官麗城), which was initially managed by Jinguan Xincheng, after the property owners' association of Jinguan Licheng was established. Given (i) New Hope Group does not have control over the board of Jinguan Xincheng; (ii) Jianzhu Tongyi Construction Office expressly denied the proposal of changing the shareholding structure of Jinguan Xincheng and it has confirmed that it does not agree on changing the scope of business and business development plan of Jinguan Xincheng; and (iii) Jinguan Xincheng has not obtained any new project since 2009, and also taking into consideration that (a) New Hope Group confirmed that it would not increase its investment in Jinguan Xincheng and it will vote against any decision of engaging in new property management projects by Jinguan Xincheng; and (b) New Hope Property will transfer its entire interest in Jinguan Xincheng to our Group once the consent from Jianzhu Tongyi Construction Office is obtained in the future, our Directors are of the view that Jinguan Xincheng does not pose a competitive threat to our Group.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### OUR RELATIONSHIP WITH NEW HOPE GROUP

Our Group has a well-established and ongoing business relationship with New Hope Group.

New Hope Group is a comprehensive industrial conglomerate with a vision to create a better lives for consumers. In September 2020, New Hope Group Company was ranked 27th in the List of Top 500 Chinese Private Enterprises in 2020 by the All-China Federation of Industry and Commerce, the highest ranking among companies in China's agricultural sector and among private enterprises headquartered in Sichuan province.

Among the companies controlled by our Ultimate Controlling Shareholders, New Hope Property Group is the one that principally engaged in the property development business. During the Track Record Period, we managed almost all of the properties developed by New Hope Property Group. There were four properties developed individually by New Hope Property Group and associates of our Ultimate Controlling Shareholders, or jointly with other Independent Third Parties but not managed by us which involved three residential property projects and a commercial complex managed by Jinguan Xincheng, see “—Excluded Business” above for details. New Hope Property Group is a leading property developer in China. In 2020, it ranked 39th among the Top 100 Real Estate Enterprises in China according to EH Consulting. Its growth rate in terms of revenue in 2019 ranked first among the Top 40 Real Estate Enterprises in China according to EH Consulting. According to EH Consulting, New Hope Property Group had a market share of approximately 0.79% among the 2020 Top 100 Property Development Companies in China in terms of contract sales in 2020. As of December 31, 2020, it had 75 property projects under development with an aggregated GFA of approximately 14.6 million sq.m. and land bank of 21 projects with an aggregated GFA of approximately 4.9 million sq.m.. Our business scale also expanded with the growth of New Hope Property Group. As of December 31, 2020, our total contracted GFA amounted to 15.3 million sq.m.

During the Track Record Period, we also provide property management services to properties developed by certain associates of our Ultimate Controlling Shareholders, namely Sichuan Huaxi Dairy Co., Ltd. (四川華西乳業有限責任公司) and New Hope Liuhe Fodder Corp. (新希望六和飼料股份有限公司). The property developed by Sichuan Huaxi Dairy Co., Ltd. is an office building located in Chengdu, Sichuan Province with an aggregated GFA under management of approximately 75,703.4 sq.m. and the property developed by New Hope Liuhe Fodder Corp. is a manufacturing base located in Qingdao, Shandong Province with an aggregated GFA under management of approximately 63,408.2 sq.m. These associates of our Ultimate Controlling Shareholders are principally engaged in the production of dairy and fodder products. The property development business conducted by them is incidental to their principal business as they have business needs to build factory and office buildings in the industrial parks to support the operation of their principal business.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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Our Group and New Hope Group have a long and close business relationship. The development of our Group matches that of the development of the businesses of New Hope Group. Our Group has been providing property management services to properties developed by New Hope Property Group since 2010, and we have since then established a strong foothold in Chengdu-Chongqing urban agglomeration and Eastern China region, and continue to expand our business presence in China. In 2018, 2019 and 2020, 83.4%, 86.9% and 68.3% of our GFA under management was developed by New Hope Property Group, respectively, and 13.8%, 10.6% and 18.9% of our GFA under management was developed by the joint ventures and associates of New Hope Property Group, respectively. Further, we provide commercial operational services to all commercial properties developed by New Hope Group.

During the Track Record Period, a majority of our revenue generated from property management services was derived from properties developed or jointly developed by New Hope Property Group. In 2018, 2019 and 2020, our revenue generated from property management services provided to projects developed by New Hope Property Group and joint ventures or associates of New Hope Property Group amounted to approximately RMB110.7 million, RMB133.6 million and RMB169.7 million, respectively, accounting for 95.1%, 95.0% and 89.4%, respectively, of our total property management service revenue for the same periods.

Given the long history of cooperation, our Group and New Hope Group have developed a well-established mutual understanding of the business needs of each other. Benefiting from such long standing relationship, we are able to provide tailored services to New Hope Group to meet its specific needs and we are familiar with the standards and requirements of New Hope Group, while New Hope Group has relied on the stability and established standards of our Group specially catered for its needs. Despite the vast choices of service providers which provide similar services in the market, we believe it would not be in the best interest of New Hope Group to select and engage other service providers, considering the amount of time and resources required for seeking comparable new service providers. Moreover, our bidding success rate for projects developed by New Hope Property Group and its joint ventures and associates was 100.0% during the Track Record Period. As demonstrated above, our Group had, based on our experience and expertise, secured a substantial portion of the property management projects relating to the properties developed by New Hope Group through tendering processes during the Track Record Period.

Having considered the abovementioned factors, including (a) the long standing cooperation relationship between our Group and New Hope Group; (b) our Group's familiarity with New Hope Group's requirements and our Group's capability to provide services with quality; and (c) the mutual benefits for both our Group and New Hope Group to maintain such reciprocal relationship, our Directors are of the view that we have competitive advantages over our competitors, and the current relationship between our Group and New Hope Group is unlikely to be materially adversely changed or terminated. It is therefore expected that New Hope Group will continue to engage our Group and our Group will continue to provide to New Hope Group property management and related services as well as commercial operational and related services after Listing. See "Connected Transactions" for details.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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The following table sets forth the expected number, size and location of the property management projects to be delivered by New Hope Property Group and its joint ventures or associates and other associates of our Ultimate Controlling Shareholders to our Group for management for the years ending December 31, 2021, 2022 and 2023. The information below is prepared on the basis of our current plans and our management's present expectation, which is subject to various risks, assumptions and uncertainties:

|  | <u>For the year ending December 31,</u> |             |             |
|--|---|-------------|-------------|
|  | <u>2021</u>                             | <u>2022</u> | <u>2023</u> |
| The minimum number of projects expected to be delivered to our Group ( <i>Note</i> ) . . . . . | 18                                      | 21          | 32          |
| Total contracted GFA (in million sq.m.) . . . . .  | 3.1                                     | 4.0         | 4.1         |

*Note:* Given one plot of land or investment may be developed into one or multiple projects depending on actual circumstances, the number of projects as stated herein are shown by a minimum number.

The projects mentioned above are mainly located in Zhejiang Province, Jiangsu Province and Sichuan Province.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after the Listing for the following reasons:

#### Management Independence

Our Board comprises two executive Directors, four non-executive Director and three independent non-executive Directors. One of our executive Directors, Ms. Wu Min, and all four of our non-executive Directors also hold positions in companies controlled by our Ultimate Controlling Shareholders, excluding our Group (see details below). Our management and operational decisions are made by our executive Directors and senior management, thus, when performing her duties in New Hope Property Group and our Group, Ms. Wu Min has been and will continue to be supported by the separate and independent senior management team. See "Directors and Senior Management" for details of the biography of the Directors.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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| Name                       | Position(s) held in the Group                    | Major position(s) held in other companies controlled by our Ultimate Controlling Shareholders                         |
|----------------------------|--|---|
| Ms. Wu Min . . . . .       | Executive Director                               | Executive vice president and chief financial officer at New Hope Property   |
| Mr. Zhang Minggui . . . .  | Non-executive Director and chairman of our Board | Executive chairman of the board and president at New Hope Liuhe   |
| Mr. Jiang Mengjun. . . . . | Non-executive Director                           | Executive president at New Hope Property  |
| Mr. Dong Li . . . . .      | Non-executive Director                           | Vice president at New Hope Property<br>President at Sichuan New Hope Modern Agriculture Tourism Development Co., Ltd. |
| Ms. Huang Kun . . . . .    | Non-executive Director                           | Chief human resource officer at New Hope Property   |

Save as disclosed above, none of our Directors holds any position in companies controlled by our Ultimate Controlling Shareholders and their close associates.

In the event that any Director, including Ms. Wu Min, is required to absent himself or herself from voting on matters relating to our Company due to potential conflicts of interest, our remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the overlapping Directors, our Directors, including the independent non-executive Directors, are of the view that there are sufficient and effective control mechanisms to ensure that our Directors shall discharge their duties appropriately and safeguard the interests of our Shareholders as a whole and our Board is able to manage our business independently from our Controlling Shareholders or their respective close associates for the following reasons:

- (a) none of the business undertaken or carried on by our Controlling Shareholders or their respective close associates outside of our Group competes with our business, and there are adequate corporate governance measures in place to manage the existing and potential conflicts of interest. Therefore, the dual roles assumed by Ms. Wu Min will not affect the requisite degree of impartiality of our executive Directors in discharging their fiduciary duties owed to our Company;



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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- (b) we have three independent non-executive Directors, and certain matters of our Company, including continuing connected transactions must always be referred to the independent non-executive Directors for review and they will confirm in our annual report that our continuing connected transactions have been entered into in our ordinary and usual course of business, are on normal commercial terms or better and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and
- (c) each of our Directors is aware of his or her fiduciary duties as a director which require, among others, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his or her personal interests. The Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates has a personal material interest and shall not be counted in the quorum present at the particular Board meeting. Therefore, in the event of a conflict of interest, the relevant Director will abstain from voting and will be excluded from deliberation by our Board. Hence, no Director will be able to influence our Board in making decisions on matters in which he or she is, or may be interested. We believe all of our Directors, including the independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of a conflict of interest. See “Directors and Senior Management—Board of Directors” in this prospectus for a summary of the relevant experience and qualifications of our Directors.

### **Operational Independence**

The business operations of our Group are carried out separately from the Other Businesses operated by our Controlling Shareholders. We have full rights, hold and enjoy the benefit of all relevant 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 close associates and will continue to do so after the Listing.

### ***Licenses required for operation***

We enjoy the benefit of all relevant licenses and permits material to the operation of our business.

### ***Access to customers, suppliers and business partners***

Our Group has a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. The majority of the customers of our Group are third-party property owners, residents or third-party tenants which



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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are independent from the companies controlled by our Controlling Shareholders. See “Business—Customers” for details. We have independent access to such customers, our suppliers as well as our other business partners.

### *Operational facilities*

All the properties and facilities necessary for our business operations are independent from our Controlling Shareholders and their respective close associates.

### *Employees*

We have our independent team of quality personnel, among whom have rich industry experience in property management and are qualified with property management related certificates. We recruit our employees independently and primarily through various channels, such as universities, third-party recruitment agencies and other companies.

### *Connected transactions with our Controlling Shareholders or their associates*

“Connected Transactions” in this prospectus sets out the continuing connected transactions between our Group and our Controlling Shareholders or their respective associates which will continue after the completion of the Listing. All such transactions are determined after arm’s length negotiations and on normal commercial terms. In determining the fees for services between our Group and our Controlling Shareholders or their respective associates, factors such as location and condition of the project, the service scope, labor and other costs, and prevailing market rates are taken into consideration where applicable.

As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transaction with our Controlling Shareholders and their respective associates at a reasonable percentage to our total revenues after the Listing. Accordingly, such continuing connected transactions are not expected to affect our operational independence as a whole.

### **Financial Independence**

In March 2019, New Hope Property entered into an asset-backed securities (the “ABS”) arrangement with a third-party securities company in the PRC with a principal amount of RMB600.0 million. The ABS was secured by the pledge of the rights to receive the property management fees from certain properties under our management, and an undertaking from New Hope Group Company that it would pay any difference between the amounts paid by us and the outstanding amount due under the ABS arrangement. The ABS were fully settled as of December 28, 2020 and the guarantee and pledge related to the ABS were released accordingly. See “Financial Information—Indebtedness—2019 ABS” and Note 22 of the Accountants’ Report in Appendix I to this prospectus for details.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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As of the Latest Practicable Date, all loans and balances due to or from our Controlling Shareholders or their respective close associates which did not arise out of the ordinary course of business will be fully repaid before the Listing. As of the Latest Practicable Date, we did not have any share pledges or guarantees provided by or to our Controlling Shareholders and their respective close associates on our borrowing.

In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

### DEED OF NON-COMPETITION

Our Ultimate Controlling Shareholders have irrevocably and unconditionally undertaken to us in the Deed of Non-Competition that they will not, and will procure their close associates (other than members of our Group) not to (i) directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with our business, which includes providing property management services, value-added services to non-property owners, commercial operational services, and lifestyle services (collectively referred to as the “**Restricted Businesses**”); or (ii) hold shares or interest in any companies or businesses that compete directly or indirectly with the business engaged by our Group from time to time, or conduct any Restricted Businesses, except where our Ultimate Controlling Shareholders and their close associates hold less than 30% of the total share capital of any company which is engaged in any business that is or may be in competition with business engaged in by any member of our Group, and they do not control the composition of the board of directors of such company (the “**Non-controlling Interest**”). The above restrictions do not apply when our Group engages in a new business that is not a Restricted Business and at the time of such new business, our Ultimate Controlling Shareholders had already been conducting or been involved in, or otherwise been interested in, the relevant business. For the avoidance of doubt, having 30% indirect equity interest in Jinguan Xincheng does not constitute a breach of the Deed of Non-Competition for New Hope Group for the following reasons: (i) its investment in Jinguan Xincheng was made before the execution of the Deed of Non-Competition; (ii) New Hope Group confirmed that it would not increase its investment in Jinguan Xincheng and it will vote against any decision of engaging in new property management projects by Jinguan Xincheng; and (iii) it will transfer its entire interest in Jinguan Xincheng to our Group once the consent from Jianzhu Tongyi Construction Office is obtained in the future.

Furthermore, our Ultimate Controlling Shareholders have undertaken that if any new business investment/other business opportunity relating to the Restricted Businesses (the “**Competing Business Opportunity**”) is identified by/made available to them or any of their close associates, they shall, and shall procure that their close associates shall, refer such Competing Business Opportunity to our Company on a timely basis by giving written notice (the “**Offer Notice**”) within 30 business days of identifying the target company (if relevant),

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity.

Upon receiving the Offer Notice, our Company shall seek approval from a board committee comprising only our independent non-executive Directors who do not have an interest in the Competing Business Opportunity (the “**Independent Board**”) as to whether to pursue or decline the Competing Business Opportunity (any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity). The Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group’s strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision making process in relation to such Competing Business Opportunity. The Independent Board shall, within 30 business days of receipt of the written notice referred to above, inform our Ultimate Controlling Shareholders in writing on behalf of our Company in its decision whether to pursue or decline the Competing Business Opportunity.

Our Ultimate Controlling Shareholders shall be entitled but not obliged to pursue such Competing Business Opportunity if they have received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within the 30 business days’ period as mentioned above. If there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by the Ultimate Controlling Shareholders, they will refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Ultimate Controlling Shareholders and their close associates cease to hold, whether directly or indirectly, 30% or above of our Shares with voting rights or our Shares cease to be listed on the Stock Exchange.

Our Ultimate Controlling Shareholders have further undertaken to us that they will provide and procure their respective close associates to provide, on a best endeavor basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition. They will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Ultimate Controlling Shareholders;
- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and
- in the event that any of our Directors and/or their respective close associates have material interests in any matter to be deliberated on by our Board in relation to the compliance and enforcement of the Deed of Non-Competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted toward the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

In respect of the Non-controlling Interest, given that our Ultimate Controlling Shareholders and their close associates are only allowed to hold interests which are non-controlling in respect of the companies with potential competing interest, and have no control over the board of directors of such companies, they will not be entitled to exercise meaningful influence over the management and operations of such company. In view of the non-controlling nature of the interest, the business scale of Jinguan Xincheng and the fact that Jinguan Xincheng has no intention to expand its current business scope, based on the information provided and confirmed by our Company, which our Directors are of the view and the Sole Sponsor concurs, that the Deed of Non-Competition will be effective in managing any potential competition in the future between the Ultimate Controlling Shareholders and their close associates on the one hand, and our Group on the other hand.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/she/it fully comprehends his/her/its obligations to act in the best interests of us and our Shareholders. 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 Listing, we have amended our Articles to comply with the Listing Rules. In particular, our Articles provide 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/her close associates has a material interest nor shall such Director be counted in the quorum for the voting;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or his/her close 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, non-executive and independent non-executive Directors. We have appointed three 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. See “Directors and Senior Management—Board of Directors—Independent non-executive Directors”;
- (d) the management structure of our Group includes our audit committee, remuneration committee and nomination committee, the written rules of each of which will require them to be alert to prospective conflict of interests and to formulate their proposals accordingly;
- (e) pursuant to the Corporate Governance Code set out in Appendix 14 of the Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company’s costs; and

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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- (f) we have appointed Orient Capital (Hong Kong) 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.

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## CONNECTED TRANSACTIONS

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### OVERVIEW

Our Group has entered into a number of agreements with parties who will, upon completion of the Listing, become our connected persons, and the transactions disclosed in this section will constitute continuing connected transactions of our Company under the Listing Rules upon the Listing.

### CONNECTED PERSONS

We have entered into certain transactions with the following parties which will become our connected persons upon Listing:

**1. New Hope Holdings Co., Ltd. (新希望控股有限公司) (“New Hope Holdings”)**

New Hope Holdings is a company established in the PRC with limited liability on December 17, 2019 and is indirectly wholly owned by Mr. Liu, one of our Ultimate Controlling Shareholders. Hence, New Hope Holdings is an associate of Mr. Liu, and a connected person of our Company upon Listing.

**2. New Hope Property**

New Hope Property is a company established in the PRC with limited liability on May 7, 1997 and is indirectly controlled by Mr. Liu, one of our Ultimate Controlling Shareholders. Hence, New Hope Property is an associate of Mr. Liu, and a connected person of our Company upon Listing.

**3. New Hope Group Company**

New Hope Group Company is a company established in the PRC with limited liability on January 9, 1997 and is indirectly controlled by Mr. Liu, one of our Ultimate Controlling Shareholders. Hence, New Hope Group Company is an associate of Mr. Liu, and a connected person of our Company upon Listing.

**4. New Hope Dairy**

New Hope Dairy is a joint stock company established in the PRC with limited liability on July 5, 2006 and is indirectly controlled by Ms. Liu Chang, one of our Ultimate Controlling Shareholders. Hence, New Hope Dairy is an associate of Ms. Liu Chang, and a connected person of our Company upon Listing.

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## CONNECTED TRANSACTIONS

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### (A) CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

#### 1. PRC Trademark License Agreements

On February 9, 2021 and February 22, 2021, each of New Hope Group Company and New Hope Property signed a trademark license agreement with New Hope Service, respectively (the “**PRC Trademark License Agreements**”), pursuant to which New Hope Group Company and New Hope Property agreed to irrevocably and unconditionally grant to us a license to use certain trademarks (the “**PRC Trademarks**”) owned by them in the PRC for a term commencing from the date of the PRC Trademark License Agreements until the expiry date of the licensed trademarks, on a royalty-free basis. For details of the PRC Trademarks, please refer to “B. Further Information about Our Business – 2. Intellectual Property Rights of our Group” in Appendix V to this prospectus.

We believe that the entering into of the PRC Trademark License Agreements with a term of more than three years can ensure the stability of our operations, and is beneficial to us and our Shareholders as a whole. The Sole Sponsors is of the view that it is normal business practice for agreement of this type to be of such duration.

As the right to use the PRC Trademarks is granted to us on a royalty-free basis, the transactions under the PRC Trademark License Agreements will be within the de minimis threshold provided under Rule 14A.76 of the Listing Rules and will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### 2. The Deed of HK Trademark Licensing

On May 6, 2021, a deed of trademark licensing was entered into between New Hope Service and New Hope Group Company (the “**Deed of HK Trademark Licensing**”), pursuant to which New Hope Group Company agreed to irrevocably and unconditionally grant to us the right to use certain trademarks registered in Hong Kong (the “**HK Trademarks**”) for a term commencing from the date of the Deed of HK Trademark Licensing until the expiry date of the licensed HK Trademarks on a royalty-free basis. For details of the HK Trademarks, please refer to “B. Further Information about Our Business – 2. Intellectual Property Rights of our Group” in Appendix V to this prospectus.

Our Directors believe that entering into a trademark licensing deed with a term of more than three years can ensure the stability of our operations, and is beneficial to the interests of our Shareholders as a whole. The Sole Sponsor is of the view that it is normal business practice for deeds of this type to be of such duration.



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## CONNECTED TRANSACTIONS

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As the right to use the HK Trademarks is granted to our Group on a royalty-free basis, the transactions under the Deed of HK Trademark Licensing will be within the de minimis threshold provided under Rules 14A.76 of the Listing Rules upon Listing, and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

**(B) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT**

**1. Master Dairy Products Purchase Agreement**

On May 6, 2021, New Hope Service entered into a master dairy products purchase agreement (the "**Master Dairy Products Purchase Agreement**") with New Hope Dairy, pursuant to which we agreed to purchase from New Hope Dairy and its subsidiaries and/or associates ("**New Hope Dairy Group**") dairy products for a term commencing from the Listing Date to December 31, 2023. We re-sell a substantial portion of such products to residents of properties we managed who place orders via the "Modern Leisure Lifestyle (漫生活)" mobile application or offline convenience stores under our management. We also give away a small amount of such products to our employees as part of our Group's employee benefits.

New Hope Dairy Group is engaged in manufacturing dairy products and we started to purchase the dairy products in January 2020. For the year ended December 31, 2020, the total purchases of the above-mentioned products by us amounted to approximately RMB3.6 million.

The purchase price to be charged by New Hope Dairy Group shall be determined after arm's length negotiations with reference to the prevailing market price and the wholesale price it offered to Independent Third Parties.

It is estimated that the maximum annual purchase price payable by us pursuant to the Master Dairy Products Purchase Agreement for each of the three years ending December 31, 2023 will not exceed RMB4.2 million, RMB4.9 million and RMB5.6 million, respectively.

The following factors were considered in arriving at the above annual caps:

- our estimation of the number of properties to be managed by us based on the total properties we managed during the Track Record Period and our estimation of the increasing demand of residents in the properties we managed for the dairy products concerned; and
- the expected increase on demand of our employees and customers for the dairy products.

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## CONNECTED TRANSACTIONS

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Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Dairy Products Purchase Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Dairy Products Purchase Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

### 2. Master Purchase Agreement

On May 6, 2021, New Hope Service entered into a master purchase agreement (the “**Master Purchase Agreement**”) with New Hope Holdings, pursuant to which our Group agreed to purchase from New Hope Holdings, its subsidiaries and associates (the “**New Hope Holdings Group**”) meat products and seasonings for a term commencing from the Listing Date to December 31, 2023. We re-sell a substantial portion of such products to residents of properties we managed who place orders via the “Modern Leisure Lifestyle (漫生活)” mobile application or offline convenience stores under our management. We also give away a small amount of such products to our employees as part of our Group's employee benefits and certain amount of seasonings is used in the canteens under our management.

The New Hope Holdings Group is engaged in manufacturing meat products and seasonings and we started to purchase such products in March 2020. For the year ended December 31, 2020, the total purchases of the above-mentioned products by us from the New Hope Holdings Group amounted to approximately RMB2.3 million. The purchase price payable for the purchases shall be determined after arm's length negotiations with reference to the wholesale price the New Hope Holdings Group offers to Independent Third Parties.

The purchase to be charged by New Hope Holdings Group shall be determined after arm's length negotiations with reference to the prevailing market price and the wholesale price it offered to Independent Third Parties.

It is estimated that the maximum annual purchase price payable by us pursuant to the Master Purchase Agreement for each of the three years ending December 31, 2023 will not exceed RMB3.0 million, RMB3.5 million and RMB3.9 million, respectively.

The following factors were considered in arriving at the above annual caps:

- our commencement of purchase on seasonings in 2021;
- our estimation of the number of properties to be managed by us based on the total properties we managed during the Track Record Period and our estimation of the increasing demand of residents in the properties we managed for the processed food and seasonings concerned; and
- the expected increase on demand of our employees and customers for the processed food.

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## CONNECTED TRANSACTIONS

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Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Purchase Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Food Purchase Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

### 3. Master Sales Agreement

On May 6, 2021, New Hope Services entered into a master sales agreement (the "**Master Sales Agreement**") with New Hope Holdings, pursuant to which the New Hope Holdings Group agreed to purchase from our Group certain products, including but not limited to processed food (the "**Products**"), which will be provided to their employees as employee benefits or will be used in the marketing promotion activities of New Hope Holdings Group for a term commencing from the Listing Date to December 31, 2023.

We purchase the Products from Independent Third Party suppliers for our business operation of community retail and commercial procurement services. Given that we have been cooperated with certain independent suppliers in the PRC for years, we can procure the Products at a preferential price. Based on our discussion with New Hope Holdings Group, it started to purchase certain Products as New Year's gift to their employees in the fourth quarters of 2020. The purchase price payable for the Products shall be determined after arm's length negotiations with reference to the prevailing market price, the wholesale price we offered to Independent Third Party customers and our cost for the procurement of the Products from Independent Third Party suppliers. For the year ended December 31, 2020, the total sales of the Products amounted to approximately RMB5.4 million.

Our Directors estimate that the maximum annual purchase amount pursuant to the Master Sales Agreement for each of the three years ending December 31, 2023 will not exceed RMB5.9 million, RMB6.9 million and RMB7.9 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- the expected demand of the New Hope Holdings Group in the Products for the three years ending December 31, 2023 as a result of its increasing number of employees; and
- the estimated cost of procurement of the Products taking into account the increment of labor cost in the three years ending December 31, 2023.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Sales Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Sales Agreement constitute

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## CONNECTED TRANSACTIONS

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continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### 4. Master Advertising and Events Organization Services Framework Agreement

On May 6, 2021, New Hope Services entered into an advertising and events organization services framework agreement (the "**Master Advertising and Events Organization Services Framework Agreement**") with New Hope Property, pursuant to which our Group agreed to provide services such as advertisement design and events organization services (the "**Advertising and Events Organization Services**") to the New Hope Property Group and its associates, for a term commencing from the Listing Date until December 31, 2023.

As we started to provide Advertising and Events Organization Services from April 2020, the fee payable by New Hope Property Group and its associates in respect of Advertising and Events Organization Services for the year ended December 31, 2020 amounted to approximately RMB5.3 million.

The service fees to be charged for the Advertising and Events Organization Services shall be determined after arm's length negotiations with reference to the anticipated operational costs (including labor costs and material costs) and the prevailing market price for similar services for corporate customers in the open market.

Our Directors estimate that the maximum annual fee payable by the New Hope Property Group and its associates pursuant to the Master Advertising and Events Organization Services Framework Agreement for each of the three years ending December 31, 2023 will not exceed RMB5.6 million, RMB6.8 million and RMB8.2 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- the estimated revenue to be recognized in relation to the Advertising and Events Organization Services provided by our Group pursuant to existing contracts; and
- the demand for advertising services of the New Hope Property Group and its associates in connection with its business development and marketing activities in the next three years based on our discussions with the New Hope Property Group and its associates during the negotiations of the terms of the Advertising and Events Organization Services Framework Agreement.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Advertising and Events Organization Services Framework Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Advertising and Events Organization Services Framework

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## CONNECTED TRANSACTIONS

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Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

### (C) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

#### 1. Master Property Management and Related Services Agreement

On May 6, 2021, New Hope Service entered into a master property management and related services agreement (the "**Master Property Management and Related Services Agreement**") with New Hope Holdings, pursuant to which our Group agreed to provide to the New Hope Holdings Group property management and related services, including but not limited to (i) pre-delivery services, including but not limited to (a) preliminary planning and design consultancy services; (b) management services for the sales offices and the display units; (c) house inspection; (d) pre-delivery cleaning services; and (e) pre-delivery preparation; (ii) repair and maintenance services for house and auxiliary facilities after delivery; (iii) property management services for the properties owned or used by New Hope Holdings Group, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties; and (iv) other value-added services, such as catering services to the employees of New Hope Holdings Group (the "**Property Management and Related Services**"). The Master Property Management and Related Services Agreement has a term commencing from the Listing Date to December 31, 2023.

For each of the three years ended December 31, 2020, the total service fee payable to our Group in respect of the Property Management and Related Services amounted to approximately RMB62.9 million, RMB132.5 million and RMB190.7 million, respectively, representing a CAGR of 74.1%.

The fees to be charged for the Property Management and Related Services will be determined after arm's length negotiations with reference to (i) the size, location and positioning of the properties; (ii) the scope of services; (iii) the anticipated operation costs (including but not limited to labor costs, administration costs and costs of materials), and (iv) the prices charged by us for providing comparable services to Independent Third Parties. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities or lower than the standard fees to be charged from Independent Third Parties.

It is estimated that the maximum amounts of service fee payable by the New Hope Holdings Group in relation to the Property Management and Related Services for each of the three years ending December 31, 2023 will not exceed RMB280.8 million, RMB406.6 million and RMB486.9 million, respectively, representing a CAGR of 31.7%. The substantial increase of the maximum amounts of service fee in relation to the Property Management and Related Services for the year ending December 31, 2021 is due to the increase of the estimated contracted GFA of approximately 3.1 million sq.m. of properties to be delivered by New Hope

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## CONNECTED TRANSACTIONS

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Holdings Group and its associates which will be under our Group's management, among which approximately 2.4 million sq.m. of the properties' management contracts had been signed as of the Latest Practicable Date. It is expected that approximately 3.1 million sq.m., 4.0 million sq.m. and 4.1 million sq.m. of the properties developed or owned by New Hope Holdings Group and its associates will be delivered and managed by our Group for the three years ending December 31, 2023.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts and growth trend in relation to the Property Management and Related Services during the Track Record Period;
- the estimated GFA of the properties under our management pursuant to three strategic cooperation agreements signed in August 2020, which are approximately 0.8 million sq.m., 0.8 million sq.m. and 0.3 million sq.m., for the three years ending December 31, 2023, and the estimated revenue to be generated from the provision of Property Management and Related Services to the medical facilities. As of the Latest Practicable Date, we had provided Property Management and Related Services to three medical facilities with a total contracted GFA of approximately 0.1 million sq.m.;
- the estimated revenue to be recognized in relation to the Property Management and Related Services for the three years ending December 31, 2023 based on the existing signed contracts. As of December 31, 2020, we had contracted to manage a total of 26 projects developed and yet to be delivered by New Hope Property Group and its associates with a total contracted GFA of approximately 5.1 million sq.m.;
- the costs incurred for the related services during the Track Record Period;
- in respect of the annual caps for the management services to be provided at the pre-delivery stage, (i) the estimated GFA of the properties expected to be delivered by the New Hope Property Group and its associates in the relevant periods, which are approximately 2.3 million sq.m., 3.2 million sq.m. and 3.9 million sq.m., respectively, and the number of the sales offices to be established for the three years ending December 31, 2023, which are around 23, 26 and 30, respectively, based on the development plan and the land bank of the New Hope Property Group and its associates as of December 31, 2020, as well as their historical sales GFA and the related growth rate during the Track Record Period. As of December 31, 2020, New Hope Property Group and its associates had a total of 75 property development projects with an estimated aggregate GFA of approximately 14.6 million sq.m. and had a total land reserve of approximately 4.9 million sq.m.; (ii) the bidding success rate during the Track Record Period and our estimated capacity for the three years ending December 31, 2023; and (iii) the estimated service fee based on the average service fee charged during the Track Record Period; and

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## CONNECTED TRANSACTIONS

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- in respect of the annual caps for the management services to be provided for the properties owned or used by the New Hope Property Group and its associates, (i) the estimated GFA of the unsold properties of residential properties held by the New Hope Property Group and its associates in the next three years, which are approximately 0.4 million sq.m., 0.5 million sq.m. and 0.5 million sq.m., respectively, based on the land bank of the New Hope Property Group and its associates and the total GFA under development as of December 31, 2020. As of December 31, 2020, New Hope Property Group and its associates had a total of 75 property development projects with an estimated aggregate GFA of approximately 14.6 million sq.m. and had a total land reserve of approximately 4.9 million sq.m.; (ii) the historical average vacancy rate; and (iii) our estimated monthly service fee per sq.m. at which management services will be charged based on the average monthly management fee charged for the year ended December 31, 2020.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Property Management and Related Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Property Management and Related Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### 2. Master Commercial Operational and Related Services Agreement

On May 6, 2021, New Hope Service entered into a master commercial operational services agreement (the "**Master Commercial Operational and Related Services Agreement**") with New Hope Property, pursuant to which our Group agreed to provide to the New Hope Property Group and its associates with commercial operational services, including but not limited to preliminary planning and consultancy, tenant sourcing and management and marketing and promotion services and other related services, for commercial properties developed/owned/rent by the New Hope Property Group and its associates which include office buildings, shopping malls, commercial complexes and operational spaces in or near residential communities (the "**Commercial Operational and Related Services**"). The Master Commercial Operational and Related Services Agreement has a term commencing from the Listing Date to December 31, 2023.

We started to provide Commercial Operational and Related Services to New Hope Property Group in January 2020. For the year ended December 31, 2020, the total service fee payable to our Group in respect of the Commercial Operational and Related Services amounted to approximately RMB31.7 million.

The fees to be charged for the Commercial Operational and Related Services will be determined after arm's length negotiations with reference to (i) the size, location and positioning of the properties; (ii) the scope of services; (iii) the anticipated operation costs



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## CONNECTED TRANSACTIONS

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(including but not limited to labor costs, administration costs and costs of materials), and (iv) the rates generally offered by us to Independent Third Parties and the fees for similar services and types of properties in the market.

It is estimated that the maximum amounts of service fee payable by the New Hope Property Group and its associates in relation to the Commercial Operational and Related Services for each of the three years ending December 31, 2023 will not exceed RMB48.6 million, RMB53.0 million and RMB76.3 million, respectively. The substantial increase of maximum amounts of service in relation to the Commercial Operational and Related Services for the year ending December 31, 2021 is due to the revenue expected to be generated from the provision of preliminary planning and consultancy and tenant sourcing services to three new commercial properties expected to be developed by New Hope Property Group, among which two commercial properties expected to be will be opened in the second half of 2021.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the estimated revenue to be recognized in relation to the Commercial Operational and Related Services for the three years ending December 31, 2023 based on the existing signed contracts;
- the costs incurred for the related services during the Track Record Period; and
- our commencement of provision of tenant sourcing services in 2021 taking into account the development plan and opening schedule of the commercial properties developed by the New Hope Property Group and its associates and the estimated service fee for the provision of such service amounted to approximately RMB8.0 million, RMB8.9 million and RMB21.6 million, respectively, for each of the three years ending December 31, 2023;
- the estimated GFA in respect of the commercial properties developed by the New Hope Property Group and its associates for which we anticipate we may be engaged to provide the Commercial Operational and Related Services, which are approximately 37,000 sq.m., 41,000 sq.m. and 100,000 sq.m., based on the GFA of commercial properties developed by the New Hope Property Group and its associates where the Commercial Operational and Related Services were provided by our Group as of December 31, 2020 and the property development plan of the New Hope Property Group and its associates.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Commercial Operational and Related Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Commercial Operational and Related Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.



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## CONNECTED TRANSACTIONS

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### 3. Master Property Agency Services Agreement

On May 6, 2021, New Hope Service entered into a master property agency services agreement (the “**Master Property Agency Services Agreement**”) with New Hope Property, pursuant to which our Group agreed to provide property agency services in respect of unsold commercial properties including car parking lots owned/developed by the New Hope Property Group and its associates (the “**Property Agency Services**”). The Master Property Agency Services Agreement has a term commencing from the Listing Date until December 31, 2023.

We started to provide Property Agency Services to New Hope Property Group in January 2020. For the year ended December 31, 2020, the total service fee payable to our Group in respect of the Property Agency Services amounted to approximately RMB9.1 million. It is the industry norm that the transaction amounts of Property Agency Services in the fourth quarter much higher than the first three quarters.

The fees to be charged for the Property Agency Services will be determined after arm’s length negotiations with reference to (i) the aggregate selling price or rental of the properties to be sold through our Property Agency Services; and (ii) commission rate which is comparable to the prevailing market rate paid by the New Hope Property Group and its associates to other independent service providers for similar services.

It is estimated that the maximum amounts of service fee payable by the New Hope Property Group and its associates in relation to the Property Agency Services for each of the three years ending December 31, 2023 will not exceed RMB11.2 million, RMB12.5 million and RMB14.9 million, respectively.

The following factors were considered in arriving at the above annual caps:

- the estimated revenue to be recognized for the three years ending December 31, 2023 based on the existing signed contracts with the New Hope Property Group and its associates;
- the estimated number of car parking lots to be sold or rent by the New Hope Property Group and its associates where the Property Agency Services will be required, which are approximately 14,300, 32,000 and 40,100, respectively, for the three years ending December 31, 2023 based on its existing projects available for sale and rent, land bank and projects under development of the New Hope Property Group and its associates as of December 31, 2020 and the expected success rate of referral of our Group estimated based on the historical success rate; and
- the demand of the commercial properties in the next three years after taking into account the prospectus of China’s real estate industry in the next three years.

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## CONNECTED TRANSACTIONS

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Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Property Agency Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Property Agency Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **(D) APPLICATION FOR WAIVER**

The transactions described in “—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from Independent Shareholders' Approval Requirement” in this section constitutes our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirement of the Listing Rules.

The transactions described in “—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements” in this section constitute our continuing connected transactions under the Listing Rules which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from Independent Shareholders' Approval Requirement”; and the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements” in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above). Apart from the above waivers sought on the strict compliance of the announcement and independent Shareholders' approval requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreements with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

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## CONNECTED TRANSACTIONS

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### **(E) DIRECTORS' VIEWS**

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described in “—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from Independent Shareholders’ Approval Requirement” and “—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions in “—(B) Continuing Connected Transaction subject to the Reporting, Annual Review and Announcement Requirements but exempt from Independent Shareholders’ Approval Requirement” and “—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

### **(F) SOLE SPONSOR'S VIEW**

The Sole Sponsor is of the view (i) that the continuing connected transactions described in “—(B) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from Independent Shareholders’ Approval Requirement” and “—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements” in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

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## DIRECTORS AND SENIOR MANAGEMENT

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### BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors. The powers and duties of our Board including convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profits distributions and exercising other powers, functions and duties as conferred by the Articles. We have entered into service agreements with each of our executive Directors and letters of appointments with each of our non-executive Directors and independent non-executive Directors. The following table sets forth certain information in respect of members of our Board of our Company:

#### Members of our Board

| Name                           | Age | Date of joining our Group | Date of appointment as Director | Existing position in our Group   | Roles and Responsibilities in our Group  | Relationship with other directors and senior management |
|--------------------------------|-----|---------------------------|---------------------------------|--|--|---|
| Ms. Wu Min<br>(武敏) . . .       | 48  | March 15, 2016            | December 29, 2020               | Executive Director   | Responsible for the overall financial, cost management, internal control and capital market related matters of our Group | None  |
| Ms. Chen Jing<br>(陳靜) . . .    | 36  | August 9, 2018            | November 5, 2020                | Executive Director, chief executive officer and general manager of New Hope Services | Responsible for the implementing of strategies and operational management of our Group                                   | None  |
| Mr. Zhang Minggui<br>(張明貴) . . | 38  | July 1, 2017              | December 29, 2020               | Non-executive Director and chairman of our Board                                     | Responsible for providing guidance and formulation of business strategies for the overall development of our Group       | None  |
| Mr. Jiang Mengjun<br>(姜孟軍) . . | 46  | December 29, 2020         | December 29, 2020               | Non-executive Director   | Responsible for providing guidance and formulation of business strategies for the overall development of our Group       | None  |

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## DIRECTORS AND SENIOR MANAGEMENT

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| Name                            | Age | Date of joining our Group | Date of appointment as Director | Existing position in our Group     | Roles and Responsibilities in our Group  | Relationship with other directors and senior management |
|---------------------------------|-----|---------------------------|---------------------------------|------------------------------------|--|---|
| Mr. Dong Li (董李) . . . .        | 43  | December 29, 2020         | December 29, 2020               | Non-executive Director             | Responsible for providing guidance and formulation of business strategies for the overall development of our Group | None  |
| Ms. Huang Kun (黃坤) .            | 37  | December 29, 2020         | December 29, 2020               | Non-executive Director             | Responsible for providing guidance and formulation of business strategies for the overall development of our Group | None  |
| Mr. Cao Qilin (曹麒麟) . .         | 47  | April 30, 2021            | April 30, 2021                  | Independent non-executive Director | Responsible for providing independent advice on the operations and management of our Group                         | None  |
| Mr. Yan Lap Kei Isaac (殷立基) . . | 60  | April 30, 2021            | April 30, 2021                  | Independent non-executive Director | Responsible for providing independent advice on the operations and management of our Group                         | None  |
| Mr. Li Zhengguo (李正國) . .       | 48  | April 30, 2021            | April 30, 2021                  | Independent non-executive Director | Responsible for providing independent advice on the operations and management of our Group                         | None  |

### Executive Directors

**Ms. Wu Min (武敏)**, aged 48, was appointed as our executive Director on December 29, 2020. She is primarily responsible for the overall financial, cost management, internal control and capital market related matters of our Group.

From November 2002 to August 2007, Ms. Wu worked as tax supervisor in tax administration sector at Pangang Group Company Ltd. (攀鋼集團有限公司), a company principally engaged in metal manufacturing, where she was mainly responsible for tax

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## DIRECTORS AND SENIOR MANAGEMENT

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management and tax planning. From February 2007 to April 2014, she worked in New Hope Group Company with her last position as the director of operation and management department where she became responsible for the overall management. From November 2011 to April 2015, Ms. Wu served as a supervisor in New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000876). From December 2012 to April 2015, she served as a non-independent director in Polaris Bay Group Co., Ltd. (華創陽安股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600155.SH). From September 2013 to August 2014, she served as a supervisor in Shenzhen Gas Group Co., Ltd. (深圳市燃氣集團股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 601139.SH). Since February 2014, Ms. Wu has been working as an executive vice president and chief financial officer at New Hope Property and has been mainly responsible for assisting the president in the overall management of the company, including finance, capital and operational matters.

Ms. Wu obtained a diploma in material preparation and performance testing from Sichuan University in the PRC. She also obtained an executive Master of Business Administration degree from Sichuan University in the PRC in June 2018. Ms. Wu was admitted as a Certified Tax Agent (註冊稅務師) by Sichuan Provincial Office of Human Resource (四川省人事廳) in the PRC in August 2002. She was also admitted as a Certified Public Accountant by MOF and a senior accountant granted by Pangang Group Company Ltd. in the PRC in December 2002 and March 2005, respectively.

**Ms. Chen Jing (陳靜)**, aged 36, has been our Director since November 5, 2020. She was re-designated as our executive Director and appointed as the chief executive officer of our Group on December 29, 2020. She is primarily responsible for implementation of strategies and operational management of our Group. She joined our Group as the general manager of New Hope Services in August 2018. She also holds directorships in our various subsidiaries.

Prior to joining our Group, from 2011 to 2015, she worked as a person in charge of regional smart services at Chengdu Longhu Property Management Co. Ltd. (成都龍湖物業服務有限公司), where she was mainly responsible for project management. From June 2015 to October 2016, she served as the vice general manager at the Fuzhou branch office of Fuzhou Rongqiao Property Management Co., Ltd. (福州融僑物業管理有限公司福州分公司), where she was mainly responsible for business management. From September 2016 to August 2018, she worked as the general manager at Chengdu branch company of Guangzhou Ningjun Property Management Co. Ltd (廣州市寧駿物業管理有限公司成都分公司), where she was mainly responsible for the overall management of the company.

Ms. Chen received the award of “2020 Top 100 Property Manager with Outstanding Contribution” (2020年度百強物業年度卓越貢獻經理) granted by The Economic Observer (經濟觀察報) in August 2020. She obtained a bachelor’s degree in polymer materials and engineering from Sichuan University (四川大學) in the PRC in June 2008.

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## DIRECTORS AND SENIOR MANAGEMENT

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### Non-executive Directors

**Mr. Zhang Minggui (張明貴)**, aged 38, was appointed as our non-executive Director and chairman of our Board on December 29, 2020, and he is primarily responsible for providing guidance and formulation of business strategies for the overall development of our Group.

Prior to joining our Group, from July 2008 to August 2009, Mr. Zhang worked as an officer in the Beijing office of New Hope Group, where he was primarily responsible for the daily operation of the Beijing office. From August 2009 to June 2011, Mr. Zhang worked at Polaris Bay Group Co., Ltd. (華創陽安股份有限公司), a company principally engaged in manufacturing of plastic products and listed on the Shanghai Stock Exchange (stock code: 600155.SH), where he served in various positions as the assistant to the general manager of its subsidiary, deputy general manager of its subsidiary and deputy general manager of construction material department. From June 2011 to August 2012, Mr. Zhang served as an office manager in the Beijing office of New Hope Group, where he was primarily responsible for the overall management of Beijing office. From August 2012 to February 2014, Mr. Zhang served as an office manager in New Hope Group Company where he was mainly responsible for the operational management. From February 2014 to September 2020, he served as the chief executive officer in New Hope Property where he was mainly responsible for overall operational management. He has worked as chairman of the board of directors at the Sichuan headquarter of New Hope Group Company since December 2015 where he has been mainly responsible for strategic planning and business development decision-making and vice president at New Hope Group Company from January 2017 to September 2020, respectively, where he was mainly responsible for the business development and operational management of New Hope Group Company. From December 2016 to February 2020, Mr. Zhang was a director in Polaris Bay Group Co., Ltd. (華創陽安股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600155.SH). Since May 2019, he has been a director in Xingyuan Environment Technology Co., Ltd. (興源環境科技股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 300266.SZ). Since September 2020, Mr. Zhang has been appointed as executive chairman of the board and president in New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), an indirect non-wholly owned subsidiary of New Hope Group and listed on the Shenzhen Stock Exchange (stock code: 000876.SZ).

Mr. Zhang has been appointed as secretary-general at the General Association of Sichuan Entrepreneurs (四川省川商總會) since February 2016. Mr. Zhang obtained a bachelor's degree in management in July 2006 and a master's degree in management in July 2008 from China University of Geosciences (中國地質大學) in the PRC.

**Mr. Jiang Mengjun (姜孟軍)**, aged 46, was appointed as our non-executive Director on December 29, 2020. He is primarily responsible for providing guidance and formulation of business strategies for the overall development of our Group.



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## DIRECTORS AND SENIOR MANAGEMENT

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From July 2000 onwards, Mr. Jiang has served various positions at the group companies of New Hope Property including as a planning manager in Chengdu Minjiang New Hope Garden Property Development Co., Ltd. (成都岷江新希望花園房地產開發有限責任公司) from July 2000 to December 2004, a deputy director of marketing department at New Hope Property from December 2004 to January 2008, a director of marketing department at Chengdu Minjiang New Hope Huayuan Property Development Co. Ltd. (成都岷江新希望花園房地產開發有限責任公司) from November 2005 to January 2008, a director of marketing department and assistant to the president at New Hope Property from January 2008 to August 2013 and a general manager of Yongjia Wanxin Hengjin Real Estate Co. Ltd (永嘉萬新恒錦置業有限公司) from September 2013 to February 2017. Mr. Jiang was promoted to vice president of New Hope Property in August 2016, where he was mainly responsible for investment development, marketing, design and product development. Since then in September 2020, Mr. Jiang became the executive president of New Hope Property where he is mainly responsible for the overall operational management of New Hope Property.

He also completed the business administration courses from the Business School of Sichuan University (四川大學) in the PRC in June 2010 through long distance learning.

Mr. Jiang was a director of Chengdu Qiangqiang Real Estate Consulting Co., Ltd.\* (成都鏘鏘房產諮詢有限公司), a company established in the PRC with limited liability, which was revoked on March 18, 2009 as the company did not undergo annual inspection. Mr. Jiang confirmed that as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the revoking of the above company.

**Mr. Dong Li (董李)**, aged 43, was appointed as our non-executive Director on December 29, 2020. He is primarily responsible for providing guidance and formulation of business strategies for the overall development of our Group.

From July 2000 to July 2002, Mr. Dong served as a staff member at Chengdu Jinniu District Procuratorate (成都市金牛區檢察院), Director of Investment department (招商科負責人) at Chengdu Jinniu District Foreign Economic Relations Commission (China Merchant) (成都市金牛區外經委(招商局)) and cadre (幹部) at the Chengdu Jinniu District High-tech Industrial Development Zone (成都市金牛區高新技術產業開發區). From July 2002 to March 2004, he worked as a senior staff member (副主任科員) at Chengdu Science and Technology Bureau (成都市科學技術局). From March 2004 to July 2005, he worked as a senior staff member at the General Office of Chengdu Municipal People's Government (成都市人民政府辦公廳). From July 2005 to November 2008, he worked as a senior staff member (副主任科員) and a principal staff member (主任科員) at General Office. From November 2008 to December 2011, he worked as a principal staff member (主任科員) and deputy director-general of the general office (辦公室副主任) at Sichuan Provincial Bureau of Statistics (四川省統計局). From January 2012 to December 2015, he worked as a deputy director and a director of industry development division (產業發展處) at the Tourism Administration of Sichuan Province (四川省旅遊局). From January 2016 to April 2017, Mr. Dong served as a general manager in Chengdu New Hope Cultural Tourism Investment Management Co., Ltd. (成都新希望文旅投資



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## DIRECTORS AND SENIOR MANAGEMENT

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管理有限公司), where he was primarily responsible for its overall management. From April 2017 to December 2017, he served as a general manager in Zhejiang Xinguoyue Investment Management Co., Ltd. (浙江新國悅投資管理有限公司), where he was primarily responsible for its overall management. Since January 2018, Mr. Dong has worked as a vice president at New Hope Property where he is mainly in charge of the culture and tourism business sector. He has served as president at Sichuan New Hope Modern Agriculture Tourism Development Co., Ltd. (四川新希望現代農業旅遊發展有限公司), a subsidiary of New Hope Property, since January 2018 where he is mainly responsible for development of culture and tourism business.

Mr. Dong was appointed as an expert in the tourism think tank of the Gansu Provincial People's Government (甘肅旅遊智庫專家) by the General Office of the Gansu Provincial People's Government (甘肅省人民政府辦公廳) in January 2018, and is the vice president of the Sichuan Tourism Association (四川省旅遊學會) in December 2020.

Mr. Dong obtained a bachelor's degree in law from Southwest University of Political Science & Law (西南政法大學) in the PRC in July 2000 and a master's degree in regional economics from University of Electronic Science and Technology of China (電子科技大學) in the PRC in June 2008. He further obtained a doctor's degree in demography from Southwestern University of Finance and Economics (西南財經大學) in the PRC in December 2014.

**Ms. Huang Kun (黃坤)**, aged 37, was appointed as our non-executive Director on December 29, 2020. She is primarily responsible for providing guidance and formulation of business strategies for the overall development of our Group.

From August 2010 to January 2011, Ms. Huang worked as vice manager of human resources department at Huaxi branch office of Sichuan New Hope Dairy Co., Ltd. (四川新希望乳業有限公司華西分公司), a subsidiary of New Hope Dairy Co., Ltd. (新希望乳業股份有限公司) which is listed on the Shenzhen Stock Exchange (stock code: 002946.SZ), where she was primarily responsible for human resources matters. From February 2011 to June 2013, she worked as a senior manager of administrative personnel department in Arai Trading Co., Ltd. (新井物產貿易公司), a subsidiary of New Hope Group and was mainly responsible for the human resources and administrative matters. From June 2013, Ms. Huang served as vice director of human resources department and later in February 2014 was promoted to chief human resources officer in New Hope Property where she has been mainly responsible for the overall management of human resources, legal and administrative matters.

Ms. Huang obtained a bachelor's degree in psychology from Sichuan Normal University (四川師範大學) in the PRC in July 2008 and a master's degree in psychology from Beihang University (北京航空航天大學) in the PRC in July 2010.

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## DIRECTORS AND SENIOR MANAGEMENT

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### Independent Non-executive Directors

**Mr. Yan Lap Kei Isaac (殷立基)**, aged 60, was appointed as our independent non-executive Director on April 30, 2021. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Yan served as assistant manager at KPMG Certified Public Accountants (Hong Kong) since 1988, as manager since 1989, as senior manager since 1993 and was promoted as partner in 1998. He served as partner in KPMG Huazhen LLP (special general partnership) between 2000 and 2016. Since September 2018, Mr. Yan has been served as an independent non-executive director of China CITIC Bank Corporation Limited, a commercial bank whose shares are listed on both the Stock Exchange (stock code: 0998) and Shanghai Stock Exchange (stock code: 601998.SH).

Mr. Yan used to serve as a member of the PRC Technical Committee, Task Force on Corporate Failures and Professional Risk Management Committee of the Hong Kong Institute of Certified Public Accountants.

Mr. Yan obtained the (accounting) Bachelor of Arts degree from Liverpool University in July 1981. He has the chartered accountant qualification in England and Wales as well as the Hong Kong Institute of Certified Public Accountants fellowship.

**Mr. Cao Qilin (曹麒麟)**, aged 47, was appointed as our independent non-executive Director on April 30, 2021. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Cao started his teaching and research career at Sichuan University in the PRC in July 1997. Since March 2015, he has worked as independent director at Sichuan Huati Lighting Technology Co., Ltd. (四川華體照明科技股份有限公司), a company principally engaged in manufacture of electrical machinery and equipment, whose shares are listed on the Shanghai Stock Exchange (stock code: 603679.SH). Since June 2019, he has worked as independent director at Chengdu Hongqi Chain Co., Ltd. (成都紅旗連鎖股份有限公司), a company principally engaged in the business of convenience store of the chain, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002697.SZ). From July 2014 to July 2020, Mr. Cao served as an independent director in D&O Home Collection Co., Ltd. (帝歐家居股份有限公司), a company principally engaged in bathroom manufacturing, whose shares are listed in the Shenzhen Stock Exchange (stock code: 002798.SZ).

Mr. Cao obtained a bachelor degree in economics, master degree in management and doctorate degree in management from Sichuan University in the PRC in July 1997, June 2004 and June 2011, respectively. He was awarded the qualification certificate of independent director by the Shanghai Stock Exchange in August 2011.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. Li Zhengguo (李正國)**, aged 48, was appointed as our independent non-executive Director on April 30, 2021. He is primarily responsible for providing independent advice on the operations and management of our Group.

From July 1996 to August 2003, Mr. Li served as associate at Sichuan JunHe LLP (四川君合律師事務所). Since August 2003, he worked as director and chief partner at Sichuan Henghexin Law Office (四川恒和信律師事務所). He was appointed as vice president at Sichuan Lawyers Association (四川省律師協會) in August 2013 and he was appointed president at Chengdu Bankruptcy Administrator Association (成都市破產管理人協會) in July 2020. He was recognized as the Excellent Lawyer of Sichuan Province (四川省優秀律師) by Sichuan Provincial Department of Justice (四川省司法廳) and Sichuan Lawyers Association (四川省律師協會) in May 2010. He was recognized as the “National Excellent Lawyer of Year 2011 to 2014” (2011至2014年度全國優秀律師) by China National Lawyers’ Association (中華全國律師協會) in February 2016. He also received the honor of “Outstanding Builder of Socialism with Chinese Characteristics of the Third Session in Sichuan Province” (第三屆四川省優秀中國特色社會主義事業建設者) in December 2018 by the Union of United Front Department of Sichuan Provincial CPC Committee, Department of Economy and Information Technology of Sichuan Province, Department of Human Resources and Social Security of Sichuan Province, Sichuan Market Supervision and Administration Bureau and Sichuan Federation of Industry and Commerce (中共四川省委統戰部、四川省經濟和資訊化廳、四川省人力資源和社會保障廳、四川省市場監督管理局、四川省工商業聯合會).

Mr. Li obtained the bachelor degree in Chinese from Sichuan College of Education (四川教育學院) in the PRC in June 1996. He obtained the master degree in law from Southwestern University of Finance and Economics (西南財經大學) in the PRC in December 2016. He was awarded the certificate of legal professional qualification in August 1996 and has the lawyer’s practising license.

Saved as disclosed in this section above, none of our Directors has any other directorships in any other listed companies on Hong Kong or overseas during the three years immediately prior to the date of this prospectus.

Please refer to the section headed “Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders” in Appendix V to this prospectus for details of our Director’s respective interests or short positions (if any) in our Shares and particulars of our Directors’ service contracts and letters of appointment.

Saved as disclosed in this section above, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

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## DIRECTORS AND SENIOR MANAGEMENT

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### SENIOR MANAGEMENT

Our executive Directors and other members of senior management are responsible for the day-to-day management of our business. For the biographical details of our executive Directors, please refer to “Executive Directors” in this section. The following table sets forth certain information concerning our senior management.

| Name                            | Age | Date of joining our Group | Existing position in our Group | Roles and Responsibilities in our Group  | Relationship with Directors and other senior management |
|---------------------------------|-----|---------------------------|--------------------------------|--|---|
| Ms. Li Li<br>(李立). . . . .      | 34  | August 7, 2017            | Chief human resources officer  | Responsible for overall human resources management and organization development of our Group | None  |
| Mr. Huang Xu<br>(黃續). . . . .   | 37  | August 1, 2017            | Chief marketing officer        | Responsible for the business development and customer service management of our Group        | None  |
| Mr. Chen Jiang<br>(陳江). . . . . | 33  | November 16, 2020         | Chief financial officer        | Responsible for the financial management of our Group  | None  |

**Ms. Li Li (李立)**, aged 34, was appointed as the chief human resources officer of our Group on September 1, 2019. She is primarily responsible for overall human resources management and organization development of our Group. She joined our Group in August 2017 as a deputy director of the human resources department and was later promoted as a director of human resources department in August 2019 at New Hope Property Services where she was primarily responsible for human resources and administrative matters, corporate culture development of our Group.

Prior to joining our Group, from November 2012 to June 2014, Ms. Li worked as a talent consultant at China International Talent Development Center (中國國際人才開發中心), a state-owned enterprise principally engaged in human resources management solutions. From September 2014 to August 2017, she worked as a consultant at High Creation Management Consulting Company (四川克瑞斯管理顧問有限公司).

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## DIRECTORS AND SENIOR MANAGEMENT

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Ms. Li obtained a bachelor's degree in applied psychology from Jilin University (吉林大學) in the PRC in July 2009 and a master's degree in social psychology from Renmin University of China (中國人民大學) in the PRC in June 2012.

**Mr. Huang Xu (黃續)**, aged 37, joined our Group as a chief marketing officer in August 2017 and has been mainly responsible for external business development and customer service management of our Group.

Prior to joining our Group, from July 2012 to August 2017, Mr. Huang worked as a director in the sales department at New Hope Property and was mainly responsible for sales management and overall management of projects development.

Mr. Huang obtained a bachelor's degree in business administration from Northwest University (西北大學) in the PRC in January 2008. Mr. Huang obtained a master of business administration degree from Sichuan University (四川大學) in the PRC in June 2012.

**Mr. Chen Jiang (陳江)**, aged 33, joined our Group as the chief financial officer of our Group on November 16, 2020. He has been primarily responsible for the financial management of our Group.

Prior to joining our Group, from October 2010 to October 2013, Mr. Chen worked in KPMG Corporate Advisory (China) Limited, a financial consulting company, where he was primarily responsible for providing auditor service with his last position as an assistant manager. From April 2014 to October 2015, he worked in Sichuan Trust Co., Ltd. (四川信託有限公司), a trust company, with his last position as trust manager. From October 2015 to April 2019, he worked in China Securities Co., Ltd. (中信建投證券股份有限公司), an investment bank and brokerage company whose shares are listed on the Stock Exchange (stock code: 6066) and the Shanghai Stock Exchange (stock code: 601066.SH) with his last position as a vice president of the innovative financing department. From April 2019 to November 2020, he worked in Sichuan Languang Development Co., Ltd. (四川藍光發展股份有限公司), a property development company whose shares are listed on the Shanghai Stock Exchange (stock code: 600466.SH).

Mr. Chen obtained a diploma's degree in marketing from Southwestern University of Finance and Economics (西南財經大學) in the PRC in July 2010. He is currently pursuing a master of business administration (MBA) degree from Guanghua School of Management in Peking University in the PRC. Mr. Chen obtained the qualification of Certified Public Accountant (non-practicing member) granted by the Sichuan Institute of Certified Public Accountants (四川省註冊會計師協會) in November 2014.

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## DIRECTORS AND SENIOR MANAGEMENT

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### JOINT COMPANY SECRETARY

**Ms. Zhao Xiaoxing (趙曉星)**, was appointed as our joint company secretary in December 2020. Since July 2020, Ms. Zhao has been serving as the board secretary of our Group where she is primarily responsible for board affairs.

From December 2014 to December 2017, Ms. Zhao worked as a fund director of the capital management department of New Hope Property, where she was primarily responsible for corporate financing, accounts receivable management and fund plan management. From January 2018, Ms. Zhao worked as the financial director in the financial department of New Hope Property, where she was primarily responsible for financial management. From September 2018 to July 2020, Ms. Zhao worked as a senior capital manager in Chengdu Chenming Real Estate Co., Ltd. (成都辰明置業有限公司), a subsidiary of Chongqing Longfor Property Development Co., Ltd. (重慶龍湖地產發展有限公司的附屬公司), where she was primarily responsible for integrated fund management of such company.

Ms. Zhao obtained a bachelor's degree in insurance in July 2008 from Chongqing Technology and Business University (重慶工商大學) in the PRC. She obtained a master's degree in credit management in June 2014 from Southwestern University of Finance and Economics (西南財經大學) in the PRC. She also obtained a master's degree in financing law in July 2014 from Goethe University Frankfurt (法蘭克福大學) in Germany.

**Mr. Lau Kwok Yin (劉國賢)**, was appointed as our joint company secretary in December 2020. Mr. Lau is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). He has over 11 years of experience in corporate secretarial services, finance and banking operations. He holds a bachelor of business administration degree in accounting and finance from The University of Hong Kong. Mr. Lau is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charter holder and a fellow member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute.

### BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

#### **Audit committee**

Our Group has established the Audit Committee on April 30, 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely, Mr. Yan Lap Kei Isaac, Mr. Jiang Mengjun and



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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Li Zhengguo. Mr. Yan Lap Kei Isaac has been appointed as the chairman of the Audit Committee, who has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) providing advice and comments to our Board; and (iii) performing other duties and responsibilities as may be assigned by our Board.

### **Remuneration committee**

Our Group has established the Remuneration Committee on April 30, 2021 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three members, namely Mr. Cao Qilin, Ms. Huang Kun and Mr. Li Zhengguo. Mr. Cao Qilin has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management member; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

### **Nomination committee**

Our Group has established the Nomination Committee on April 30, 2021 with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Zhang Minggui, Mr. Li Zhengguo and Mr. Cao Qilin. Mr. Zhang Minggui has been appointed as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) assessing the independence of our independent non-executive Directors; and (iv) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

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## DIRECTORS AND SENIOR MANAGEMENT

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### CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the CG Code. Our Company is committed to the view that our Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

### BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the objective and approach to achieve diversity of our Board. Our Group recognizes the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Group's strategic objectives and sustainable development. Our Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, education background, gender, age and ethnicity. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board comprises of nine members, including three female Directors. Our Directors also have a balanced mix of knowledge, skills and experiences, including overall management, property management, business development, human resources, tax management, marketing, legal, finance, auditing and accounting experiences. We have three independent non-executive Directors who have different industry backgrounds, representing one-third of our Board members. Furthermore, the ages of our Directors range from 36 years old to 60 years old. The education background of our Directors ranges from economics and business administration to law, with degrees awarded by education institutions in the PRC and overseas.

After Listing, the Nomination Committee will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis.



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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of fees, salaries, bonuses and other benefits in kind such as contributions to pension plans. The aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowance and other benefits in kind) paid to our Directors for the year ended December 31, 2018, 2019 and 2020 was approximately RMB13.6 million, RMB1.6 million and RMB1.9 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The aggregate amount of fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowance and other benefits in kind paid to our five highest paid individuals for the year ended December 31, 2018, 2019 and 2020 was approximately RMB3.6 million, RMB4.9 million and RMB5.2 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of the year ended December 31, 2018, 2019 and 2020. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowances and other benefits in kind) of our Directors for the year ending December 31, 2021 is estimated to be no more than RMB3.5 million. Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPLIANCE ADVISOR

Our Company has appointed Orient Capital (Hong Kong) Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including shares issues and share repurchases;
- where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company under Rule 3.10 of the Listing Rules.

The term of the appointment of our compliance advisor shall commence on the Listing Date and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

| Name of Shareholder  | Nature of Interest  | Shares held immediately prior to the completion of the Global Offering and the Capitalization Issue <sup>(1)</sup> |                        | Shares held immediately following the completion of the Global Offering and the Capitalization Issue <sup>(1)</sup> |                        |
|--|---|--|------------------------|---|------------------------|
|  |   | Approximate Number   | Approximate Percentage | Approximate Number  | Approximate Percentage |
| Adventure Way Pte. Ltd. <sup>(2)</sup> . . . . .               | Protector of a discretionary trust and interest in controlled corporation | 9,080 Shares (L)   | 90.8%                  | 544,800,000 Shares (L)  | 68.1%                  |
| Ms. Liu Chang <sup>(2)</sup> . . . . .                         | Settlor of a discretionary trust and interest in controlled corporation   | 9,080 Shares (L)   | 90.8%                  | 544,800,000 Shares (L)  | 68.1%                  |
| Mr. Liu <sup>(2)</sup> . . . . .                               | Interest in controlled corporation  | 9,080 Shares (L)   | 90.8%                  | 544,800,000 Shares (L)  | 68.1%                  |
| Medea Investments Limited <sup>(2)</sup> . . . . .             | Interest in controlled corporation  | 9,080 Shares (L)   | 90.8%                  | 544,800,000 Shares (L)  | 68.1%                  |
| Vistra Trust (Singapore) Pte. Limited <sup>(2)</sup> . . . . . | Trustee of a discretionary trust  | 9,080 Shares (L)   | 90.8%                  | 544,800,000 Shares (L)  | 68.1%                  |
| Sea Glory Developments Limited <sup>(2)</sup> . . . . .        | Interest in controlled corporation  | 9,080 Shares (L)   | 90.8%                  | 544,800,000 Shares (L)  | 68.1%                  |
| New Prosperity Development Limited <sup>(2)</sup> . . . . .    | Interest in controlled corporation  | 9,080 Shares (L)   | 90.8%                  | 544,800,000 Shares (L)  | 68.1%                  |
| Golden Rose Developments Limited <sup>(2)</sup> . . . . .      | Beneficial owner  | 9,080 Shares (L)   | 90.8%                  | 544,800,000 Shares (L)  | 68.1%                  |

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## SUBSTANTIAL SHAREHOLDERS

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*Note:*

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) The entire issued share capital of Golden Rose is wholly owned by New Prosperity, which is in turn indirectly wholly owned by Sea Glory Developments Limited, a special purpose holding vehicle wholly owned by Vistra Trust (Singapore) Pte. Limited, the trustee of the Cathaya Trust. The Cathaya Trust is an irrevocable discretionary trust for the benefit of Mr. Liu’s family members. The protector of the Cathaya Trust is Adventure Way Pte. Ltd., which is directly and indirectly wholly owned by our Ultimate Controlling Shareholders through Medea Investments Limited. By virtue of the Acting in Concert Deed, Mr. Liu and Ms. Liu Chang both have a deemed interest under the SFO in the Shares held by Adventure Way Pte. Ltd. in its capacity as the protector of the Cathaya Trust. Vistra Trust (Singapore) Pte. Limited has a deemed interest under the SFO in the Shares held by the Cathaya Trust in its capacity as trustee of the Cathaya Trust. Accordingly, each of Mr. Liu, Ms. Liu Chang, Medea Investments Limited, Adventure Way Pte. Ltd., Vistra Trust (Singapore) Pte. Limited, Sea Glory Developments Limited, New Prosperity has a deemed interest under the SFO in the Shares held by Golden Rose.

If the Over-allotment Option is fully exercised, beneficial interests of each of the abovementioned shareholders will be approximately 65.6%.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised), have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of the Company.

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## SHARE CAPITAL

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The following is a description of the authorized and issued Share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme):

|   | <b>Nominal value</b><br><i>(HK\$)</i> |
|---|---------------------------------------|
| <b>Authorized share capital:</b>                                      |                                       |
| 2,500,000,000 Shares of HK\$0.01 each                                 | 25,000,000                            |
| <b>Issued and to be issued, fully paid or credited as fully paid:</b> |                                       |
| 10,000 Shares in issue as of the date of this prospectus              | 100                                   |
| 599,990,000 Shares to be issued pursuant to the Capitalization Issue  | 5,999,900                             |
| <u>200,000,000</u> Shares to be issued under the Global Offering      | <u>2,000,000</u>                      |
| <u>800,000,000</u> <b>Total</b>                                       | <u>8,000,000</u>                      |

### ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering and Capitalization Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

### RANKINGS

The Offer Shares will be ordinary shares in the share capital of the Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalization Issue.

### GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the Global Offering becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, see “Appendix V—Statutory and General Information—A. Further Information about our Company”.

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## CORNERSTONE INVESTORS

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### THE CORNERSTONE PLACING

The Company has entered into separate cornerstone investment agreements with the following investors (collectively “**Cornerstone Investors**”, and each a “**Cornerstone Investor**”), pursuant to which the Cornerstone Investors in aggregate have agreed to subscribe at the Offer Price such number of Offer Shares as may be purchased with an investment amount of HK\$383.1 million<sup>1</sup> (the “**Cornerstone Placing**”).

Based on the Offer Price of HK\$3.80 (being the low end of the Offer Price range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 100,804,000, representing approximately (i) 12.6% of the total Shares in issue upon the completion of the Global Offering and 50.4% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 12.1% of the total Shares in issue upon completion of the Global Offering and 43.8% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

Based on the Offer Price of HK\$4.25 (being the mid-point of the Offer Price range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 90,131,000, representing approximately (i) 11.3% of the total Shares in issue upon the completion of the Global Offering and 45.1% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 10.9% of the total Shares in issue upon completion of the Global Offering and 39.2% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

Based on the Offer Price of HK\$4.70 (being the high end of the Offer Price range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 81,501,000, representing approximately (i) 10.2% of the total Shares in issue upon the completion of the Global Offering and 40.8% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 9.8% of the total Shares in issue upon completion of the Global Offering and 35.4% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

To the best knowledge of the Company, (i) there is no side agreement or arrangement between the Group and each of the Cornerstone Investors for the purpose of the Cornerstone Placing; (ii) none of the Cornerstone Investors are accustomed to take instructions from the Company, the Directors, chief executive of the Company, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close

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*Note:*

<sup>1</sup> Calculated based on an exchange rate of HK\$1.00: RMB0.83 and US\$1.00 to HK\$7.76 for illustration purpose. The actual investment amount of the relevant Cornerstone Investors may change due to the actual exchange rate to be used as prescribed in the cornerstone investment agreements.

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## CORNERSTONE INVESTORS

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associates; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors are financed by the Company, the Directors, chief executive, Controlling Shareholders, substantial Shareholders, or existing Shareholders or any of its subsidiaries or their respective close associates.

Each of the Cornerstone Investor expects to fund its subscription under the Cornerstone Placing by its own internal resources. No special rights have been granted to the Cornerstone Investors pursuant to the cornerstone investment agreements. None of the Cornerstone Investors or any of their affiliates, directors, officers, employees, agents or representatives, has accepted or entered into any agreement or arrangement to accept any direct or indirect benefits by side letter or otherwise, from the Company, any member of the Group, or any of their respective affiliates, directors, officers, employees, agents or representatives in the Global Offering or otherwise has engaged in any conduct or activity inconsistent with, or in contravention of, Guidance Letter HKEX-GL51-13.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around 24 May 2021.

The Cornerstone Placing forms part of the International Offering. Our Company is of the view that, leveraging on the Cornerstone Investors' experience, the Cornerstone Placing will help to raise the profile of our Company and signify that such investors have confidence in our business and prospect. The Cornerstone Investors conduct their investments in the Company as they are confident in the prospect of the property management industry in the PRC and the Company's business and prospect. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to the respective cornerstone investment agreements). Immediately following completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company, nor will any of the Cornerstone Investors become a substantial Shareholder (as defined in the Listing Rules). All Cornerstone Investors will be counted as part of the public float under Rule 8.24 of the Listing Rules. The Cornerstone Investors will not subscribe for or purchase any Offer Shares under the Global Offering (other than pursuant to the respective cornerstone investment agreements).

Pursuant to the cornerstone investment agreements entered into with each Cornerstone Investor, the delivery of Offer Shares to be subscribed by each of the Cornerstone Investors (save for CSIIL) may be deferred in order to facilitate the stabilization by the Stabilising Manager as well as to cover over-allocations. Regardless of whether deferred delivery taking place, the Cornerstone Investors have agreed that they shall settle the payment for the relevant Offer Shares pursuant to the cornerstone investment agreement to which it is a party before the Listing becomes unconditional. There will be no deferred settlement of Offer Shares to be subscribed for or purchased by the Cornerstone Investors pursuant to the cornerstone investment agreements.

## CORNERSTONE INVESTORS

### CORNERSTONE INVESTORS

The Company has entered into cornerstone investment agreements with (i) Neptune Investments Holdings Limited (“**Neptune**”), (ii) Green Better Limited (“**Green Better**”), (iii) Peak Reinsurance Company Limited (“**Peak Re**”), (iv) China Sichuan International Investment Limited (“**CSIIL**”), (v) Keltic Investment (HK) Limited (“**Keltic**”) and (vi) Golden Star International Pty Limited (“**Golden Star**”) in respect of the Cornerstone Placing.

|  | Investment Amount    | Hong Kong dollar equivalent <sup>1</sup> | Total number of Offer Shares to be subscribed by the Cornerstone Investors <sup>2</sup> | Assuming the Over-allotment Option is not exercised  |  | Assuming the Over-allotment option is exercised in full                                    |  |
|--|----------------------|--|---|--|--|--|--|
|  |                      |  |   | Percentage of the total Shares in issue immediately upon completion of the Global Offering | Percentage of the total number of Offer Shares | Percentage of the total Shares in issue immediately upon completion of the Global Offering | Percentage of the total number of Offer Shares |
|  | <i>(approximate)</i> | <i>(approximate)</i>                     |   | <i>(approximate)</i>   | <i>(approximate)</i>                           | <i>(approximate)</i>   | <i>(approximate)</i>                           |
|  |                      | <i>(HK\$)</i>                            |   |  |  |  |  |

Based on the Offer Price of:

#### HK\$3.80 (being the low end of the indicative Offer Price range)

|                           |                  |               |            |      |       |      |       |
|---------------------------|------------------|---------------|------------|------|-------|------|-------|
| 1. Neptune . . . . .      | RMB97 million    | 116.9 million | 30,754,000 | 3.8% | 15.4% | 3.7% | 13.4% |
| 2. Green Better . . . . . | HK\$38.8 million | 38.8 million  | 10,213,000 | 1.3% | 5.1%  | 1.2% | 4.4%  |
| 3. Peak Re . . . . .      | US\$5 million    | 38.8 million  | 10,210,000 | 1.3% | 5.1%  | 1.2% | 4.4%  |
| 4. CSIIL . . . . .        | HK\$77.5 million | 77.5 million  | 20,394,000 | 2.6% | 10.2% | 2.5% | 8.9%  |
| 5. Keltic . . . . .       | RMB60 million    | 72.3 million  | 19,023,000 | 2.4% | 9.5%  | 2.3% | 8.3%  |
| 6. Golden Star . . . . .  | US\$5 million    | 38.8 million  | 10,210,000 | 1.3% | 5.1%  | 1.2% | 4.4%  |

#### HK\$4.25 (being the mid-point of the indicative Offer Price range)

|                           |                  |               |            |      |       |      |       |
|---------------------------|------------------|---------------|------------|------|-------|------|-------|
| 1. Neptune . . . . .      | RMB97 million    | 116.9 million | 27,498,000 | 3.4% | 13.8% | 3.3% | 12.0% |
| 2. Green Better . . . . . | HK\$38.8 million | 38.8 million  | 9,131,000  | 1.1% | 4.6%  | 1.1% | 4.0%  |
| 3. Peak Re . . . . .      | US\$5 million    | 38.8 million  | 9,129,000  | 1.1% | 4.6%  | 1.1% | 4.0%  |
| 4. CSIIL . . . . .        | HK\$77.5 million | 77.5 million  | 18,235,000 | 2.3% | 9.1%  | 2.2% | 7.9%  |
| 5. Keltic . . . . .       | RMB60 million    | 72.3 million  | 17,009,000 | 2.1% | 8.5%  | 2.0% | 7.4%  |
| 6. Golden Star . . . . .  | US\$5 million    | 38.8 million  | 9,129,000  | 1.1% | 4.6%  | 1.1% | 4.0%  |

#### HK\$4.70 (being the high end of the indicative Offer Price range)

|                           |                  |               |            |      |       |      |       |
|---------------------------|------------------|---------------|------------|------|-------|------|-------|
| 1. Neptune . . . . .      | RMB97 million    | 116.9 million | 24,865,000 | 3.1% | 12.4% | 3.0% | 10.8% |
| 2. Green Better . . . . . | HK\$38.8 million | 38.8 million  | 8,257,000  | 1.0% | 4.1%  | 1.0% | 3.6%  |
| 3. Peak Re . . . . .      | US\$5 million    | 38.8 million  | 8,255,000  | 1.0% | 4.1%  | 1.0% | 3.6%  |
| 4. CSIIL . . . . .        | HK\$77.5 million | 77.5 million  | 16,489,000 | 2.1% | 8.2%  | 2.0% | 7.2%  |
| 5. Keltic . . . . .       | RMB60 million    | 72.3 million  | 15,380,000 | 1.9% | 7.7%  | 1.9% | 6.7%  |
| 6. Golden Star . . . . .  | US\$5 million    | 38.8 million  | 8,255,000  | 1.0% | 4.1%  | 1.0% | 3.6%  |

#### Notes:

- 1 Calculated based on an exchange rate of HK\$1.00:RMB0.83 and US\$1.00:HK\$7.76 for illustration purpose. The actual investment amount of the relevant Cornerstone Investors may change due to the actual exchange rate to be used as prescribed in the cornerstone investment agreements.
- 2 The actual number of Offer Shares allocated to each Cornerstone Investor may vary due to the actual exchange rate as determined pursuant to the terms of the cornerstone investment agreements, subject to rounding down to the nearest whole board lot of 1,000 Offer Shares.



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## CORNERSTONE INVESTORS

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The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

### **Neptune**

Neptune is a company incorporated in Hong Kong, and is an indirect wholly-owned subsidiary of KE Holdings Inc. (“**Beike**”), a company incorporated in the Cayman Islands and the shares of which are listed on the New York Stock Exchange (NYSE: BEKE). Beike is the leading integrated online and offline platform for housing transactions and services in the PRC. As a digital service provider for residential industry, Beike applies SaaS, VR, AI and other technologies to help service providers reduce costs and improve efficiency, thereby helping service providers to better serve customers. Beike is a pioneer in building the industry infrastructure and standards in the PRC to reinvent how service providers and housing customers efficiently navigate and consummate housing transactions, ranging from existing and new home sales, home rentals, to home renovation, real estate financial solutions, and other services.

No approval from the shareholders of KE Holdings Inc. or the New York Stock Exchange is required for Neptune’s investment in the Company as described in this section.

The Company became acquainted with Neptune through the business network of the Group. To the best knowledge of the Company, each of Neptune and Beike is an Independent Third Party, is not our connected person (as defined under the Listing Rules), and is not an existing Shareholder nor a close associate of any of our existing Shareholders.

### **Green Better**

Green Better is an investment company incorporated in the British Virgin Islands. Green Better is a wholly-owned subsidiary of Xiaomi Corporation, which was listed on the Main Board of the Stock Exchange on July 9, 2018 (Stock Code: 1810). Xiaomi Corporation is a China-based investment holding company principally engaged in the research, development and sales of smartphones, Internet of things and lifestyle products, the provision of Internet services, and investment business.

No approval from the shareholders of Xiaomi Corporation or the Stock Exchange is required for Green Better’s investment in the Company as described in this section.

The Company became acquainted with Green Better through introduction by one of the Underwriters, and the Company did not have any relationship with Green Better prior to the introduction made by such underwriter. To the best knowledge of the Company, each of Green Better and Xiaomi Corporation is an Independent Third Party, is not our connected person (as defined under the Listing Rules), and is not an existing Shareholder nor a close associate of any of our existing Shareholders.

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## CORNERSTONE INVESTORS

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### **Peak Re**

Peak Re is a Hong Kong-based reinsurance company authorised by the Insurance Authority of Hong Kong and is not a listed company. It is one of the locally established reinsurance companies in Asia Pacific, underwriting both life and non-life reinsurance business. Peak Re strives to provide innovative and forward-looking reinsurance services for customers in the Asia Pacific, Europe, Middle East and Africa and the Americas. It tailors risk transfer and capital management solutions to best fit clients' needs.

Peak Re is indirectly owned as to 86.51% by Fosun International Limited (“**FIL**”), a company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange (stock code: 656).

No approval from the shareholders of FIL or the Stock Exchange is required for Peak Re's investment in the Company as described in this section.

The Company became acquainted with Peak Re through one of the Underwriters, and the Company did not have any prior relationship with Peak Re. To the best knowledge of the Company, each of Peak Re and FIL is an Independent Third Party, is not our connected person (as defined under the Listing Rules), and is not an existing Shareholder nor a close associate of any of our existing Shareholders.

### **CSIIL**

CSIIL is a company incorporated in Hong Kong with limited liability. CSIIL is the overseas investment platform jointly established by Sichuan Railway Investment Group Company Limited (四川省鐵路產業投資集團有限公司), Sichuan Huaxi Group Company Limited (四川華西集團有限公司), Chengdu Xingcheng Investment Group Company Limited (成都興城投資集團有限公司) and Sichuan Road & Bridge Construction Group Company Limited (四川公路橋樑建設集團有限公司) (a subsidiary of Sichuan Road & Bridge Company Limited (四川路橋建設集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (600039)), each of which is a state-owned enterprise.

No approval from the shareholders of CSIIL or the Shanghai Stock Exchange is required for CSIIL's investment in the Company as described in this section.

The Company became acquainted with CSIIL through introduction by one of the Underwriters, and the Company did not have any relationship with CSIIL prior to the introduction made by such underwriter. To the best knowledge of the Company, each of CSIIL and its ultimate beneficial owner is an Independent Third Party, is not our connected person (as defined under the Listing Rules), and is not an existing Shareholder nor a close associate of any of our existing Shareholders.

**Keltic**

Keltic is an investment management company headquartered in Hong Kong, and has been involved in the investments in funds and secondary market securities. Keltic is a wholly-owned subsidiary of Shenzhen Kaier Hanxiang Shiye Co., Ltd (深圳凱爾漢湘實業有限公司), which is a company established in the PRC on 28 September 2016 with a registered capital of RMB250 million and is not a listed company and wholly-owned by Mr. Li Weiguo (李衛國), an Independent Third Party. Keltic employs a main investment strategy of purchasing and investing in equity in primary and secondary markets in Hong Kong or the United States, with a focus on real estate projects, financing services, and project development and management.

The Company became acquainted with Keltic through introduction by one of the Underwriters, and the Company did not have any relationship with Keltic prior to the introduction made by such underwriter. To the best knowledge of the Company, each of Keltic and its ultimate beneficial owner is an Independent Third Party, is not our connected person (as defined under the Listing Rules), and is not an existing Shareholder nor a close associate of any of our existing Shareholders.

**Golden Star**

Golden Star is a company incorporated in Hong Kong on 17 June 2011, which is an investment holding company having investment for around US\$10 million in aggregate. It is directly and wholly owned by Ms. Chen Jing, an Independent Third Party. Ms. Chen Jing has experience in real estate investment in both the PRC and overseas, and is also an active investor in Hong Kong stock market. The companies in which Ms. Chen Jing invested in mainly included technology and real estate companies, and the investment she has been involved in exceeds around US\$30 million in aggregate.

The Company became acquainted with Ms. Chen Jing in 2015 through a business conference organised by an Australia property developer about real estate business in Sydney, Australia. To the best knowledge of the Company, each of Golden Star and its ultimate beneficial owner is an Independent Third Party, is not our connected person (as defined under the Listing Rules), and is not an existing Shareholders nor a close associate of any of our existing Shareholders.

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## CORNERSTONE INVESTORS

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### CONDITIONS PRECEDENT

The obligations of each of the Cornerstone Investors to acquire for Offer Shares under the respective cornerstone investment agreement is subject to, among other things, the following conditions precedent:

- (a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently varied or waived by agreement of the parties thereto) by no later than the time and date as specified in those Underwriting Agreements and the Underwriting Agreements not having been terminated;
- (b) the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and the Company having determined the Offer Price in accordance with the Underwriting Agreements;
- (c) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Offer Shares (including the Offer Shares under the Cornerstone Placing, as well as any other applicable waivers), and that such waiver, permission or approval not having been revoked prior to the commencement of dealings in the Offer Shares on the Hong Kong Stock Exchange;
- (d) the representations, warranties, undertakings and acknowledgements of the Cornerstone Investor and the Company are accurate and true and not misleading and there being no material breach of the relevant cornerstone investment agreement on the part of the Cornerstone Investor; and
- (e) no laws having been enacted or promulgated by any Governmental Authority (as defined in the relevant cornerstone investment agreement) which prohibits the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering, or the cornerstone investment agreement and there shall be no effective orders nor injunctions from a court of competent jurisdiction having been in effect precluding or prohibiting consummation of such transactions.

### RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that unless it has obtained prior written consent of each of the Company, the Sole Sponsor and the relevant underwriter, it will not, at any time during the period of six (6) months from and inclusive of the Listing Date (the "**Lock-up Period**"), whether directly or indirectly, (a) dispose of (as defined in the relevant cornerstone investment agreement) any of the relevant Offer Shares, any shares or interest in any company or entity holding any of the relevant Offer Shares, or (b) agree or contract to, or publicly announce any intention to enter into any such transaction described above, or (c) allow itself to undergo a change of control (as defined in the Hong Kong Takeovers Code) at the level of its ultimate beneficial owner, or (d) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transactions.

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## FINANCIAL INFORMATION

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*You should read the following discussion and analysis in conjunction with our audited combined financial information set forth in our Accountants' Report in Appendix I to this prospectus. Our audited combined financial information was prepared in accordance with the International Financial Reporting Standards ("IFRS"), which may differ in material aspects from generally accepted accounting principles in other jurisdictions. The following discussion and analysis contain certain forward-looking statements which involve risks and uncertainties. These forward-looking statements are based on assumptions and analysis we made in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section headed "Risk Factors" and elsewhere in this prospectus.*

### OVERVIEW

We are a well-established comprehensive property management and lifestyle service operator in China, providing property management services, value-added services to non-property owners, commercial operational services and lifestyle services. We were ranked 39th in the 2020 Top 100 Property Management Companies in China in terms of Overall Strength (2020 中國物業企業綜合實力百強) by EH Consulting. As of December 31, 2020, we managed 65 projects, and our total GFA under management amounted to approximately 10.2 million sq.m. As of the Latest Practicable Date, our total GFA under management further increased to 11.4 million sq.m. Our roots are in the Chengdu-Chongqing urban agglomeration, the engine of economic development in the Southwest China region according to Savills and EH Consulting. As of December 31, 2020, 33.4% and 28.9% of our GFA under management were located in the Chengdu-Chongqing urban agglomeration and the Eastern China region, respectively, and 33.2% and 39.7% of our contracted GFA were located in these two regions as of the same time, respectively. As of December 31, 2020, the property projects served by us covered 17 cities in nine provinces, one autonomous region and two municipalities in China and all of our property management projects are located in the first-tier, new first-tier and second-tier cities in China. Over the years, we have won a number of awards from well-known industry organizations for our service quality and brand value, such as 2019 Golden Key China's Excellent Service Team (2019年中國服務示範企業 – 中國金鑰匙獎) and 2020 Leading Chinese Brand Company in Professional Property Service Operation (2020中國物業服務專業運營領先品牌). In 2019, our average monthly property management fee was RMB3.69 per sq.m., which was 57.4% higher than that of the property management service industry in China. According to Savills and EH Consulting, our revenue per sq.m. of RMB58.23 per sq.m. in 2019, ranked eighth among the Top 100 Property Management Companies in China in terms of Overall Strength and we were awarded the 2020 Top Ten Property Management Companies in China in terms of Revenue Generating Capacity per Square Meter (2020年中國物業管理企業單坪創收十強). Our net profit margin was 16.8% in 2019, ranking fifth among the Top 100 Property Management Companies in terms of net profit margin according to Savills and EH Consulting.

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## FINANCIAL INFORMATION

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We provide quality property management services and value-added services to non-property owners. We also provide commercial operational services for 12 quality commercial properties in five cities, namely Chengdu, Kunming, Shanghai, Wenzhou and Nanning. We also provide diversified lifestyle services to our property owners, residents and other customers. Our services are closely tied to what people need in their daily lives and what property owners and businesses need for their daily operations. We believe our core value lies in our ability to help our individual customers live a safer and more, comfortable, healthy and convenient life and to help our business customers in building prosperous businesses.

We achieved rapid growth during the Track Record Period. Our revenue increased by 47.5% from RMB258.0 million in 2018 to RMB380.5 million in 2019, and by 54.6% from RMB380.5 million in 2019 to RMB588.3 million in 2020. Our net profit increased by 56.0% from RMB41.1 million in 2018 to RMB64.0 million in 2019, and by 71.6% from RMB64.0 million in 2019 to RMB109.8 million in 2020. In recognition of our rapid growth, we were named one of the Top 100 Leading Property Management Companies in China in terms of Growth Potential (中國物業服務百強成長性領先企業) by CIA in 2019. We have been named one of the Top 100 Property Management Companies in China in terms of Overall Strength (中國物業企業綜合實力百強) by EH Consulting for five consecutive years and our ranking improved from 55th in 2016 to 39th in 2020.

### **BASIS OF PRESENTATION**

There were no changes in the economic substance of the ownership or the business of the Group after the Reorganization since all of the Company's wholly-owned subsidiaries are newly formed entities with no substantive operations. Consequently, the historical financial information has been prepared and presented as a continuation of the combined financial statements of the Group.

The combined statements of profit or loss and other comprehensive income, the combined statements of financial position items, and the combined statements of cash flows of the Group include the financial performance and cash flows of the companies now comprising the Group during the Track Record Period as if the current group structure had been in existence and remained unchanged throughout the Track Record Period (or where a company now comprising the Group was incorporated or established or first under common control at a date later than January 1, 2018, for the period from the date of incorporation or establishment or becoming under common control, where this is a shorter period). The combined statements of financial position of the Group as at December 31, 2018, 2019 and 2020 have been prepared to present the state of affairs of the companies now comprising of the Group as at those dates as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation, establishment or becoming under common control, where applicable.

Intra-group balances, transactions and unrealized gains/losses on intra-group transactions are eliminated in full in preparing the historical financial information. For the purpose of preparing and presenting the historic financial information, we have adopted all applicable new and revised IFRS throughout the Track Record Period, including IFRS 16, *Leases*, except for any new standards or interpretations that are not yet effective for the accounting period



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beginning January 1, 2020. Given that the Track Record Period spans from January 1, 2018 to December 31, 2020, by which time IFRS 16 would be mandatorily applied, we have adopted IFRS 16 in lieu of IAS 17 “Leases” (“IAS 17”) in the preparation of our financial statements, such that our historical financial information prepared under IFRS 16 is comparable on a period-to-period basis. Neither have we prepared, nor the reporting accountants have audited or reviewed, our combined financial statements for the Track Record Period prepared under IAS17. For the purpose of providing additional information to our investors, we have used our best efforts to assess the respective impact on our combined financial information of the adoption of IFRS 16. Our Directors are of the view of that the adoption of IFRS 16 did not have a material impact on our financial position and performance during the Track Record Period as compared to IAS17.

### KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been and will continue to be affected by a number of factors, which primarily include the following.

#### **Our GFA under Management**

During the Track Record Period, we generated a majority of our revenue from our property management services, which amounted to RMB116.4 million, RMB140.7 million, and RMB189.7 million, respectively, in 2018, 2019 and 2020, accounting for 45.1%, 37.0%, and 32.3%, respectively, of our total revenue during the same periods. Since our business, results of operations and financial condition depend significantly on the amount of revenue generated from our property management services, which is directly linked to our aggregate GFA under management, our ability to secure new property management service agreements and to renew existing property management service agreements is a crucial factor to our business, results of operations and financial condition. During the Track Record Period, we experienced a steady growth in our aggregate GFA under management, which was 5.0 million sq.m., 6.5 million sq.m., and 10.2 million sq.m., respectively, as of December 31, 2018, 2019 and 2020. However, we cannot assure you that we can secure new property management service agreements or renew our existing property management service agreements on favorable terms, or at all in the future. If the growth in our aggregate GFA under management fails to meet our expectation, our business, results of operations and financial condition might be negatively impacted.

#### **Source of Revenue**

During the Track Record Period, a majority of our revenue was derived from property management services and commercial operational services provided to projects developed by New Hope Property Group. In 2018, 2019 and 2020, our revenue generated from property management services provided to projects developed by New Hope Property Group amounted to RMB104.5 million, RMB127.0 million, and RMB150.1 million, respectively, accounting for approximately 40.5%, 33.4% and 25.6%, respectively, of our total revenue during the same periods. In 2018, 2019 and 2020, our revenue generated from commercial operational services provided to projects developed by New Hope Property Group amounted to RMB62.4 million,

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RMB72.6 million, and RMB113.0 million, respectively, accounting for approximately 24.2%, 19.1%, and 19.2%, respectively, of our total revenue during the same periods. Any adverse development in the business or financial positions of New Hope Property Group or their ability to develop and maintain properties may materially and adversely affect our ability to procure new property management services from them and thus our overall results of operations and financial condition.

To generate additional revenue from extra sources and to diversify our project portfolio, we have made continuous efforts to enlarge our customer base by expanding our lifestyle services. As a result, we have experienced a significant growth in the revenue generated from lifestyle services during the Track Record Period, which amounted to RMB28.3 million, RMB38.9 million, and RMB117.2 million, respectively, accounting for 11.0%, 10.2%, and 19.9%, respectively, of our total revenue in 2018, 2019 and 2020. We plan to continue to capitalize on the growth of New Hope Property Group while enlarging our customer base, which we believe will lead to continued growth in our revenue and improvement in our results of operations and financial condition.

### Service Mix

As the profit margins of our different business lines vary, changes in the proportion of revenue contributed by each business line affect our results of operations. The following table sets forth a breakdown of our gross profit and gross profit margin by business line during the years indicated:

|   | Year ended December 31, |             |                       |             |                       |             |
|---|-------------------------|-------------|-----------------------|-------------|-----------------------|-------------|
|   | 2018                    |             | 2019                  |             | 2020                  |             |
|   | Gross Profit            | Margin      | Gross Profit          | Margin      | Gross Profit          | Margin      |
|   | (RMB'000)               | %           | (RMB'000)             | %           | (RMB'000)             | %           |
| Property management services . . . . .          | 29,532                  | 25.4        | 38,115                | 27.1        | 59,208                | 31.2        |
| Value-added services to non-property owners . . | 18,241                  | 35.9        | 54,039                | 42.1        | 73,656                | 43.8        |
| Commercial operational services . . . . .       | 46,999                  | 75.4        | 44,577                | 61.4        | 61,866                | 54.8        |
| Lifestyle services . . . . .                    | 15,157                  | 53.6        | 22,773                | 58.6        | 52,642                | 44.9        |
| <b>Total/Overall . . . . .</b>                  | <b><u>109,929</u></b>   | <b>42.6</b> | <b><u>159,504</u></b> | <b>41.9</b> | <b><u>247,372</u></b> | <b>42.1</b> |



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In general, gross profit margins for our commercial operational services and lifestyle services tend to be higher than those of our other business lines, because unlike property management services and value-added services to non-property owners, which typically incur higher labor related costs, commercial operational services and lifestyle services typically do not require a large amount of labor. Leveraging our management and operational experience, we plan to (i) continue to grow our commercial operational services; and (ii) devote additional resources to expand our lifestyle services and explore other offerings with high gross profit margins to drive up our market share in the lifestyle services market, during which the gross profit for our lifestyle services may experience a temporary decrease in the short term as we develop and launch new services. We will continue to take measures to streamline our workforce and budget our costs to better manage our various costs incurred in providing property management services, value-added services to non-property owners and lifestyle services to improve their profit margins.

### **Pricing**

Our service pricing level directly affects our results of operations and financial condition. During the Track Record Period, we primarily generated revenue from our property management services under the lump sum fee model, which accounted for approximately 98.3%, 98.0%, and 99.2%, respectively, of our total revenue generated from property management services in 2018, 2019 and 2020. On a lump sum basis, we charge property management fees at a pre-determined fixed lump sum price per sq.m., representing “all-inclusive” fees for the property management services we provide. These management fees do not necessarily correspond with the actual amount of property management costs we incur. The amount we recognize as revenue is the full amount of property management fees we charge to the property owners or property developers, and the amount we recognize as our cost of sales is the actual costs we incur in connection with rendering our services.

With our high service quality, our average property management fee in 2020 was RMB3.44 per sq.m. per month. However, in the event that the actual amount of property management costs we incur exceeds the amount of property management fees we collect, or if we fail to raise our property management fees thereafter to avoid a shortfall of working capital after deducting the property management costs, we might incur a loss. Therefore, our ability to raise our property management fees has an important impact on our results of operation and financial condition.

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To illustrate how property management fees affect our results of operations, the following table sets forth a sensitivity analysis of how our profit and revenue generated from property management services for the year or period would fluctuate in response to decreases in average property management fees during the Track Record Period:

|  | Year ended December 31, |          |          |
|--|-------------------------|----------|----------|
|  | 2018                    | 2019     | 2020     |
|  | <i>(RMB'000)</i>        |          |          |
| Profit for the year . . . . .  | 41,058                  | 64,041   | 109,770  |
| Revenue from property management services. . . . .                   | 116,433                 | 140,708  | 189,724  |
| <b>Assuming 5% decrease in our average property management fees</b>  |                         |          |          |
| Impact on revenue from our property management services . . . . .    | (5,822)                 | (7,035)  | (9,486)  |
| Impact on profit for the year <sup>1</sup> . . . . .                 | (4,367)                 | (5,276)  | (7,115)  |
| <b>Assuming 10% decrease in our average property management fees</b> |                         |          |          |
| Impact on revenue from our property management services . . . . .    | (11,643)                | (14,071) | (18,972) |
| Impact on profit for the year <sup>1</sup> . . . . .                 | (8,732)                 | (10,553) | (14,229) |

### Ability to Manage Staff and Outsourced Labor Costs

Our ability to manage our staff and outsourced labor costs while maintaining and improving our service quality and capabilities affects our results of operations. During the Track Record Period, staff costs represented the largest component of our cost of sales, and experienced steady increases. In 2018, 2019 and 2020, our staff costs amounted to RMB81.0 million, RMB134.1 million, and RMB174.6 million, respectively, which accounted for 54.7%, 60.7%, and 51.2%, respectively, of our total cost of sales. The increases in staff costs during the Track Record Period were primarily due to the increase in our employee headcount driven by our business expansion, as well as the average increase in compensation to employees.

We outsource certain services, such as cleaning, security, landscaping, and certain repair and maintenance services, to third-party subcontractors. In 2018, 2019 and 2020, our outsourced labor costs amounted to RMB44.4 million, RMB55.5 million, and RMB86.5 million, respectively, which accounted for 30.0%, 25.1%, and 25.4%, respectively, of our total cost of sales. The increases in our outsourced labor costs during the Track Record Period were primarily due to our business expansion as demonstrated by the increases in our aggregate GFA under management, as well as the general increase in subcontracting fees charged by subcontractors driven by the rise in overall labor costs.

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<sup>1</sup> Impact on profit and total comprehensive income for the year was calculated under the assumption that EIT was 25.0% for the year.

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Since our staff and outsourced labor costs together accounted for a significant portion of our cost of sales, we believe that controlling and reducing our staff and outsourced labor costs is crucial for us to maintain and improve our profit margins. In response to the rising staff and outsourced labor costs, we have been conducting annual labor cost budgeting, monthly labor cost analysis, and semi-annual labor cost re-estimation, all of which are aimed at reducing the impact of rising staff and outsourced labor costs on our results of operations and financial condition without interrupting our service provision capacities or sacrificing our service quality.

### **Changes in Tax Policies**

Our operations are subject to PRC corporate income tax, value added tax and other local taxes. In 2018, 2019 and 2020, our effective income tax rates, calculated as income tax expenses divided by profit before tax, were approximately 20.7%, 17.0%, 17.2%, respectively. The general corporate income tax rate in the PRC is 25.0%. Some of our subsidiaries were entitled to preferential income tax rates, such as the 15% preferential income tax rate for furthering the Western China Development Strategy and the 5% and 10% preferential income tax rates for qualifying as Small Low-profit Enterprises, during the Track Record Period. If there is any material adverse change in the preferential income tax treatment currently enjoyed by such subsidiaries, our profitability may be materially and adversely affected.

### **Competition**

The PRC property management industry is rapidly growing and increasingly concentrated. Our major competitors include large national, regional and local property management companies. We believe that we compete with our competitors on a number of factors, primarily including quality of services, business operation, price, financial resources, brand recognition and reputation. Our ability to successfully compete against our competitors affects our ability to grow our business and our results of operations. As a reputable player in comprehensive property management segment, according to Savills and EH Consulting, our current success can be partially attributed to the diverse property portfolio under our management, the comprehensive services we provide, and our standardization of operations in providing our property management services. To distinguish ourselves from our competitors, we plan to further broaden our service offerings to provide our customers diversified services and one-stop solutions, and refine our standardization practice through our digitalized smart platform to enhance the quality and consistency of our services. For more details about the industry and markets that we operate in, see “Industry Overview.”

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### SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our combined financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. We set out below some of the accounting policies and estimates that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements. Our significant accounting policies, judgments and estimates, which are important for understanding our financial condition and results of operations, are set out in further details in Note 2 to the Accountants' Report in Appendix I to this prospectus.

#### Revenue Recognition

Revenues are recognized when or as the control of the goods or services is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties, value added tax or other sales taxes, and any trade discounts. Depending on 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.

We provide (i) property management services, (ii) value-added services to non-property owners, (iii) commercial operational services, and (iv) lifestyle services.

- (i) *Property management services.* For property management services, we bill a fixed amount for services provided on a monthly basis, and recognize as revenue the amount which we have a right to bill and that corresponds directly to the value of performance completed.

For revenue generated from property management services to properties managed on a lump sum basis, we recognize fees received or receivable from property owners as revenue and all related property management costs as costs of sales on a gross basis.

For revenue generated from property management services to properties managed on a commission basis, we recognize a commission which is a predetermined percentage of the total property management fees that the property owners are obligated to pay on a net basis.

- (ii) *Value-added services to non-property owners.* Value-added services to non-property owners primarily consist of (i) sales office management services; (ii) preliminary planning and design consultancy, pre-delivery, and repair and maintenance services; and (iii) other services such as construction site management services. We agree

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with the customers on the price for each service upfront and issue monthly bills to the customers which vary based on the actual level of service completed in that month. Revenue is recognized on a gross basis when the value-added services are rendered.

(iii) *Commercial operational services.* Commercial operational services primarily consist of (a) market research and positioning, and opening preparation services; (b) commercial operation services; and (c) commercial properties leasing services. We agree with the customers on the price for each service upfront and issue monthly bills to the customers which vary based on the actual level of service completed in that month. Revenue is recognized on a gross basis when the commercial operational services are rendered.

(iv) *Lifestyle services.* Lifestyle services primarily consist of (a) community living services; (b) community asset management services; (c) online and offline retail services and catering services; (d) marketing event organization services; and (e) community space operational services. Revenue is recognized when the related community value-added services are rendered. For community living services, marketing event organization services, and community space operational services, revenue is recognized on a gross basis based on the actual level of service we render. For community asset management services, retail services and catering services, revenue is recognized on a gross basis upon our delivery of goods or provision of services to the customers.

### **Trade and Other Receivables**

Trade receivables are amounts due from customers for services we performed in our ordinary course of business. We recognize a receivable when we have an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If we recognize revenue before we have an unconditional right to receive consideration, the amount is presented as a contract asset.

We recognize trade and other receivables initially at fair value and subsequently measure them at amortized cost using the effective interest method less allowance for credit losses.

### **Trade and Other Payables**

We initially recognize trade and other payables at fair value and subsequently measure them at amortized cost unless the effect of discounting would be immaterial, in which case we measure them at cost.

### **Allowance on Doubtful Receivables**

We make allowances on receivables based on assumptions about risk of default and expected credit loss rates. In making these assumptions and selecting the inputs to the impairment calculation, we take into account information about past events, current conditions and forecasts of future economic conditions.

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Where our expectation of allowance is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed.

### Leases

We leased certain properties. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by us. Each lease payment is allocated between 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 for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

We measure assets and liabilities arising from a lease initially on a present value basis. Lease liabilities include the net present value of the following lease payments: (i) fixed payments (including in-substance fixed payments), less any lease incentives receivable; (ii) variable lease payment that are based on an index or a rate; (iii) amounts expected to be payable by us under residual value guarantee; (iv) the exercise price of a purchase option if we are reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects us exercising that option. The lease payments are discounted using the interest rate implicit in the lease or our incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following: (i) the amount of the initial measurement of lease liability; (ii) any lease payments made at or before the commencement date less any lease incentives received; (iii) any initial direct costs; and (iv) restoration costs.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

### Deferred Tax

We recognize deferred tax assets only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. We offset deferred tax assets and liabilities 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. We measure the amount of deferred tax that we recognize based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. We do not discount deferred tax assets or deferred tax liabilities.

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### DESCRIPTION OF CERTAIN COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our combined statements of profit or loss and other comprehensive income during the years indicated:

|   | Year ended December 31, |                  |                  |
|---|-------------------------|------------------|------------------|
|   | 2018                    | 2019             | 2020             |
|   | <i>(RMB'000)</i>        | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| <b>Revenue</b> . . . . .  | 257,964                 | 380,543          | 588,263          |
| Cost of sales . . . . .   | (148,035)               | (221,039)        | (340,891)        |
| <b>Gross profit</b> . . . . .   | 109,929                 | 159,504          | 247,372          |
| Other net (loss)/income . . . . .                                       | (1,183)                 | 7,122            | 10,258           |
| Selling expenses . . . . .  | (1,254)                 | (3,427)          | (3,174)          |
| Administrative expenses . . . . .                                       | (55,155)                | (82,201)         | (119,401)        |
| Expected credit loss on financial assets . .                            | (294)                   | (1,412)          | (251)            |
| <b>Profit from operations</b> . . . . .                                 | 52,043                  | 79,586           | 134,804          |
| Finance expenses . . . . .  | (1,821)                 | (47,555)         | (45,230)         |
| Finance income . . . . .  | 1,508                   | 44,510           | 42,525           |
| Finance costs, net . . . . .  | (313)                   | (3,045)          | (2,705)          |
| Share of profits less losses of<br>an associate . . . . .               | 55                      | 616              | 499              |
| <b>Profit before taxation</b> . . . . .                                 | 51,785                  | 77,157           | 132,598          |
| Income tax . . . . .  | (10,727)                | (13,116)         | (22,828)         |
| <b>Profit and total comprehensive<br/>income for the year</b> . . . . . | 41,058                  | 64,041           | 109,770          |
| <b>Profit attributable to:</b>  |                         |                  |                  |
| – Equity shareholders of the Company . . .                              | 41,094                  | 63,933           | 109,770          |
| – Non-controlling interests. . . . .                                    | (36)                    | 108              | –                |

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### Revenue

We generated revenue primarily from four business lines: (i) property management services, (ii) value-added services to non-property owners, (iii) commercial operational services, and (iv) lifestyle services.

- *Property management services.* We provide basic property management services to both residential properties and non-residential properties, including commercial properties, such as shopping centers, shopping streets, specialty markets, office buildings and industrial parks, and other types of non-residential properties, such as public facilities, culture and tourism sites and healthcare facilities. Our basic property management services primarily include cleaning, security, greening and landscaping, and repair and maintenance services. Revenue from property management services accounted for 45.1%, 37.0%, and 32.3%, respectively, of our total revenue in 2018, 2019 and 2020.
- *Value-added services to non-property owners.* We provide non-property owners (i) sales office management services; (ii) preliminary planning and design consultancy, pre-delivery, and repair and maintenance services; and (iii) other services such as construction site management services. Revenue from value-added services to non-property owners accounted for 19.7%, 33.7%, and 28.6%, respectively, of our total revenue in 2018, 2019 and 2020.
- *Commercial operational services.* We provide to commercial properties, including shopping centers, shopping streets, office buildings, specialty markets and industrial parks, (i) market research and positioning, and opening preparation services; (ii) commercial operation services, such as tenant sourcing, tenant management, commercial management, and marketing and promotion services; and (iii) commercial properties leasing services. Revenue from commercial operational services accounted for 24.2%, 19.1%, and 19.2%, respectively, of our total revenue in 2018, 2019 and 2020.
- *Lifestyle Services.* We provide (i) community living services, including turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services and common area management services; (ii) community asset management services, including carpark related services and property agency services; (iii) online and offline retail services and catering services; (iv) marketing event organization services; and (v) community space operational services. Revenue from lifestyle services accounted for 11.0%, 10.2%, and 19.9%, respectively, of our total revenue in 2018, 2019 and 2020.



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The following table sets forth a breakdown of our total revenue by business line during the years indicated, both in absolute amount and as a percentage of total revenue:

|   | Year ended December 31, |              |                |              |                |              |
|---|-------------------------|--------------|----------------|--------------|----------------|--------------|
|   | 2018                    |              | 2019           |              | 2020           |              |
|   | (RMB'000)               | %            | (RMB'000)      | %            | (RMB'000)      | %            |
| Property management services . . . . .                | 116,433                 | 45.1         | 140,708        | 37.0         | 189,724        | 32.3         |
| Value-added services to non-property owners . . . . . | 50,862                  | 19.7         | 128,402        | 33.7         | 168,335        | 28.6         |
| Commercial operational services . . . . .             | 62,373                  | 24.2         | 72,571         | 19.1         | 112,956        | 19.2         |
| Lifestyle services . . . . .                          | 28,296                  | 11.0         | 38,862         | 10.2         | 117,248        | 19.9         |
| <b>Total . . . . .</b>                                | <b>257,964</b>          | <b>100.0</b> | <b>380,543</b> | <b>100.0</b> | <b>588,263</b> | <b>100.0</b> |

### *Revenue from property management services*

Our revenue from property management services primarily consists of basic property management fees charged to property owners, residents, tenants and property developers over properties under our management for our cleaning, security, landscaping, and repair and maintenance services. Revenue from our property management services amounted to RMB116.4 million, RMB140.7 million, and RMB189.7 million, respectively, for 2018, 2019 and 2020, accounting for 45.1%, 37.0%, and 32.3%, respectively, of our total revenue during the same periods. The increases in revenue from property management services from 2018 to 2019 and from 2019 to 2020 were primarily due to the increases in the number of properties and our aggregate GFA under management as we expanded our operation and service scale through organic growth. The decreases in revenue from property management services as a percentage of our total revenue from 2018 to 2019 and from 2019 to 2020 were primarily due to the faster expansion of our value-added services to non-property owners and lifestyle services as we devoted more resources to develop these business lines.

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During the Track Record Period, a substantial portion of our property management fees were charged on a lump sum basis, with the remainder charged on a commission basis. In 2018, 2019 and 2020, 98.3%, 98.0%, and 99.2%, respectively, of our revenue generated from property management services was charged on a lump sum basis while 1.7%, 2.0%, and 0.8%, respectively, of our revenue generated from property management services was charged on a commission basis for those same periods. The following table sets forth a breakdown of our revenue generated from property management services by fee model during the years indicated, both in absolute amount and as a percentage of revenue from property management services:

|                            | Year ended December 31, |              |                  |              |                  |              |
|----------------------------|-------------------------|--------------|------------------|--------------|------------------|--------------|
|                            | 2018                    |              | 2019             |              | 2020             |              |
|                            | <i>(RMB'000)</i>        | %            | <i>(RMB'000)</i> | %            | <i>(RMB'000)</i> | %            |
| Lump sum basis . . . . .   | 114,444                 | 98.3         | 137,950          | 98.0         | 188,244          | 99.2         |
| Commission basis . . . . . | 1,989                   | 1.7          | 2,758            | 2.0          | 1,480            | 0.8          |
| <b>Total . . . . .</b>     | <b>116,433</b>          | <b>100.0</b> | <b>140,708</b>   | <b>100.0</b> | <b>189,724</b>   | <b>100.0</b> |

In terms of property types, we manage both residential properties and non-residential properties. Non-residential properties include (i) commercial properties, such as shopping centers, shopping streets, specialty markets, office buildings, and industrial park; and (ii) other types of non-residential properties, such as public facilities, culture and tourism sites and healthcare facilities. In 2018, 2019 and 2020, revenue from our management of residential properties accounted for 53.6%, 63.2%, and 59.3%, respectively, of our total property management service revenue. During those same periods, revenue from our management of non-residential properties accounted for 46.4%, 36.8%, and 40.7%, respectively, of our revenue from property management services. The following table sets forth a breakdown of our revenue from property management services by property type during the years indicated, both in absolute amount and as a percentage of revenue from property management services:

|  | Year ended December 31, |              |                  |              |                  |              |
|--|-------------------------|--------------|------------------|--------------|------------------|--------------|
|  | 2018                    |              | 2019             |              | 2020             |              |
|  | <i>(RMB'000)</i>        | %            | <i>(RMB'000)</i> | %            | <i>(RMB'000)</i> | %            |
| Residential properties . . . . .             | 62,459                  | 53.6         | 88,908           | 63.2         | 112,452          | 59.3         |
| Non-residential properties                   |                         |              |                  |              |                  |              |
| – Commercial properties . . . . .            | 53,974                  | 46.4         | 51,006           | 36.2         | 70,420           | 37.1         |
| – Other non-residential properties . . . . . | –                       | –            | 794              | 0.6          | 6,852            | 3.6          |
| <b>Total . . . . .</b>                       | <b>116,433</b>          | <b>100.0</b> | <b>140,708</b>   | <b>100.0</b> | <b>189,724</b>   | <b>100.0</b> |

## FINANCIAL INFORMATION

Since our inception in Chengdu, we have strategically focused on regions with high growth potential. The following table sets forth a breakdown of our revenue generated from property management services by geographic region during the years indicated, both in absolute amount and as a percentage of revenue from property management services:

|  | Year ended December 31, |              |                |              |                |              |
|--|-------------------------|--------------|----------------|--------------|----------------|--------------|
|  | 2018                    |              | 2019           |              | 2020           |              |
|  | (RMB'000)               | %            | (RMB'000)      | %            | (RMB'000)      | %            |
| Southwestern China region <sup>(1)</sup> . . . . . | 77,578                  | 66.7         | 85,922         | 61.0         | 99,445         | 52.4         |
| Eastern China region <sup>(2)</sup> . . . . .      | 17,601                  | 15.2         | 33,029         | 23.5         | 55,290         | 29.2         |
| Southern China region <sup>(3)</sup> . . . . .     | 11,407                  | 9.8          | 10,829         | 7.7          | 20,380         | 10.7         |
| Northern China region <sup>(4)</sup> . . . . .     | 9,847                   | 8.3          | 10,928         | 7.8          | 14,609         | 7.7          |
| <b>Total</b> . . . . .                             | <b>116,433</b>          | <b>100.0</b> | <b>140,708</b> | <b>100.0</b> | <b>189,724</b> | <b>100.0</b> |

*Notes:*

- (1) Cities in the Southwestern China region in which we provide property management services include Chengdu, Chongqing, and Kunming.
- (2) Cities in the Eastern China Region in which we provide property management services include Jiaxing, Ningbo, Shanghai, Suzhou, and Wenzhou.
- (3) City in the Southern China Region in which we provide property management services is Nanning.
- (4) Cities in the Northern China Region in which we provide property management services include Dalian, Hohhot, Qingdao, and Shenyang.

## FINANCIAL INFORMATION

The following table sets forth a breakdown of our aggregate GFA under management and revenue generated from property management services by city tier during the years indicated, both in absolute amount and as a percentage of revenue from property management services:

|   | Year ended December 31, |                  |              |                         |                  |              |                         |                  |              |
|---|-------------------------|------------------|--------------|-------------------------|------------------|--------------|-------------------------|------------------|--------------|
|   | 2018                    |                  |              | 2019                    |                  |              | 2020                    |                  |              |
|   | GFA under<br>management | Revenue          |              | GFA under<br>management | Revenue          |              | GFA under<br>management | Revenue          |              |
|   | <i>(sq.m.'000)</i>      | <i>(RMB'000)</i> | %            | <i>(sq.m.'000)</i>      | <i>(RMB'000)</i> | %            | <i>(sq.m.'000)</i>      | <i>(RMB'000)</i> | %            |
| First-tier city <sup>(1)</sup> . . .              | 42                      | 5,082            | 4.4          | 42                      | 5,065            | 3.6          | 42                      | 5,063            | 2.7          |
| New first-tier<br>cities <sup>(2)</sup> . . . . . | 2,247                   | 63,943           | 54.8         | 2,308                   | 73,078           | 52.0         | 3,948                   | 96,345           | 50.7         |
| Second-tier<br>cities <sup>(3)</sup> . . . . .    | 2,734                   | 47,255           | 40.7         | 4,185                   | 62,565           | 44.4         | 6,251                   | 88,316           | 46.6         |
| Others <sup>(4)</sup> . . . . .                   | –                       | 153              | 0.1          | –                       | –                | –            | –                       | –                | –            |
| <b>Total</b> . . . . .                            | <b>5,023</b>            | <b>116,433</b>   | <b>100.0</b> | <b>6,535</b>            | <b>140,708</b>   | <b>100.0</b> | <b>10,241</b>           | <b>189,724</b>   | <b>100.0</b> |

*Notes:*

- (1) First-tier city in which we provide property management services includes Shanghai.
- (2) New first-tier cities in which we provide property management services include Chengdu, Chongqing, Qingdao, Shenyang and Suzhou.
- (3) Second-tier cities in which we provide property management services include Dalian, Jiaxing, Kunming, Ningbo, Nanning and Wenzhou.
- (4) During the Track Record Period, we also provided property management services to one project in Hohhot. Hohhot New Hope Property Service Co., Ltd. managed one project with approximately 720,000 sq.m. of GFA under management during 2018 before all of our Group's equity interests in it were disposed to a third party in April 2018.

## FINANCIAL INFORMATION

Historically, we predominantly provided property management services to and generated revenues from properties developed solely by New Hope Property Group or joint ventures and associates of New Hope Property Group. In 2018, 2019 and 2020, revenue generated from the property management services provided to projects developed by New Hope Property Group amounted to RMB104.5 million, RMB127.0 million, and RMB150.1 million, respectively, accounting for 89.8%, 90.3%, and 79.0%, respectively, of our total revenue generated from property management services for those same periods. The following table sets forth a breakdown of our aggregate GFA under management and revenue during the years indicated, from property management services by type of property developer both in absolute amount and as a percentage of revenue from property management services:

|  | Year ended December 31,             |                      |              |                                     |                      |              |                                     |                      |              |
|--|-------------------------------------|----------------------|--------------|-------------------------------------|----------------------|--------------|-------------------------------------|----------------------|--------------|
|  | 2018                                |                      |              | 2019                                |                      |              | 2020                                |                      |              |
|  | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) | %            | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) | %            | GFA under management<br>(sq.m.'000) | Revenue<br>(RMB'000) | %            |
| New Hope Property Group <sup>(1)</sup>                                 | 4,189                               | 104,519              | 89.8         | 5,677                               | 127,008              | 90.3         | 6,998                               | 150,053              | 79.0         |
| Joint ventures or associates of New Hope Property Group <sup>(2)</sup> | 695                                 | 6,154                | 5.3          | 695                                 | 6,608                | 4.7          | 1,937                               | 19,627               | 10.4         |
| Associates of our Ultimate Controlling Shareholders <sup>(3)</sup>     | 139                                 | 5,760                | 4.9          | 163                                 | 7,092                | 5.0          | 178                                 | 15,482               | 8.2          |
| Independent Third Parties <sup>(4)</sup>                               | -                                   | -                    | -            | -                                   | -                    | -            | 1,128                               | 4,562                | 2.4          |
| <b>Total</b>   | <b>5,023</b>                        | <b>116,433</b>       | <b>100.0</b> | <b>6,535</b>                        | <b>140,708</b>       | <b>100.0</b> | <b>10,241</b>                       | <b>189,724</b>       | <b>100.0</b> |

*Notes:*

- (1) Refers to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers for which New Hope Property Group held a controlling interest.
- (2) Refer to properties developed by joint ventures or associates of New Hope Property Group, including Sichuan New Hope Industrial Co., Ltd. (四川新希望實業有限公司), Chengdu Shenlong Real Estate Development Co., Ltd. (成都申龍房地產開發有限公司), Sichuan Dongjin Tourism Development Co., Ltd. (四川東進新希望旅遊開發有限公司), Jiaying Xinjin Properties Co., Ltd. (嘉興新錦置業有限公司), Ningbo Chenxin Properties Co., Ltd. (寧波辰新置業有限公司), Guangxi Tangsheng Investment Co., Ltd. (廣西唐昇投資有限公司), and Nanning Xinyong Properties Co., Ltd. (南寧新甞置業有限公司).
- (3) Refer to properties developed by other associates of our Ultimate Controlling Shareholders, including Sichuan Huaxi Dairy Co., Ltd. (四川華西乳業有限責任公司), New Hope Liuhe Fodder Corp. (新希望六和飼料股份有限公司), Chengdu Jinjiang Xiaokang Comprehensive Outpatient Department Co., Ltd. (成都錦江曉康之家綜合門診部有限公司), Sichuan Xinwang Bank Co., Ltd. (四川新網銀行股份有限公司), Chengdu Xinlimei Beauty Hospital Co., Ltd. (成都新麗美醫療美容醫院有限公司).
- (4) Refer to properties solely developed by independent third-party property developers.

## FINANCIAL INFORMATION

The following table sets forth a breakdown of our revenue generated from property management services by type of ultimate paying customer during the years indicated, both in absolute amount and as a percentage of revenue from property management services:

|   | Year ended December 31, |              |                  |              |                  |              |
|---|-------------------------|--------------|------------------|--------------|------------------|--------------|
|   | 2018                    |              | 2019             |              | 2020             |              |
|   | <i>(RMB'000)</i>        | %            | <i>(RMB'000)</i> | %            | <i>(RMB'000)</i> | %            |
| New Hope Property Group. . . . .          | 7,911                   | 6.8          | 6,506            | 4.6          | 7,094            | 3.7          |
| Joint ventures or associates of New Hope  |                         |              |                  |              |                  |              |
| Property Group . . . . .                  | 903                     | 0.8          | 501              | 0.4          | 1,874            | 1.0          |
| Other joint ventures or associates of our |                         |              |                  |              |                  |              |
| Controlling Shareholders . . . . .        | 2,386                   | 2.0          | 1,123            | 0.8          | 9,957            | 5.2          |
| Independent Third Parties . . . . .       | 105,233                 | 90.4         | 132,578          | 94.2         | 170,799          | 90.1         |
| <b>Total . . . . .</b>                    | <b>116,433</b>          | <b>100.0</b> | <b>140,708</b>   | <b>100.0</b> | <b>189,724</b>   | <b>100.0</b> |

### *Revenue from value-added services to non-property owners*

We provide a series of value-added services to non-property owners, primarily property developers, to address their needs at different stages of their operations. Our value-added services to non-property owners include (i) sales office management services; (ii) preliminary planning and design consultancy, pre-delivery, and repair and maintenance services; and (iii) other services such as construction site management services. In 2018, 2019 and 2020, revenue generated from our value-added services to non-property owners amounted to approximately RMB50.9 million, RMB128.4 million, and RMB168.3 million, respectively, accounting for approximately 19.7%, 33.7%, and 28.6%, respectively, of our total revenue during the same periods. The weight of our revenue from value-added services to non-property as a percentage of our total revenue increased from 19.7% in 2018 to 33.7% in 2019 primarily because we expanded certain value-added services to non-property owners rapidly, such as preliminary planning services; it then decreased to 28.6% in 2020 primarily because our commercial operational services and lifestyle services were growing at a faster rate due to our initiation of tenant management services, and the expansion of our community asset management services as well as online and offline retail services and catering services. The following table sets forth a breakdown of our revenue from value-added services to non-property owners by service type during the years indicated, both in absolute amount and as a percentage of our revenue from value-added services to non-property owners:

## FINANCIAL INFORMATION

|  | Year ended December 31, |                     |                       |                     |                       |                     |
|--|-------------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|
|  | 2018                    |                     | 2019                  |                     | 2020                  |                     |
|  | <i>(RMB'000)</i>        | %                   | <i>(RMB'000)</i>      | %                   | <i>(RMB'000)</i>      | %                   |
| Sales office management services . . . . .   | 36,542                  | 71.8                | 67,473                | 52.5                | 96,708                | 57.5                |
| Preliminary planning and design consultancy,<br>pre-delivery, and repair and maintenance<br>services . . . . . | 13,603                  | 26.7                | 51,320                | 40.0                | 60,615                | 36.0                |
| Other services . . . . .   | 717                     | 1.5                 | 9,609                 | 7.5                 | 11,012                | 6.5                 |
| <b>Total . . . . .</b>   | <b><u>50,862</u></b>    | <b><u>100.0</u></b> | <b><u>128,402</u></b> | <b><u>100.0</u></b> | <b><u>168,335</u></b> | <b><u>100.0</u></b> |

### *Revenue from commercial operational services*

We provide commercial operational services to commercial properties, which primarily include the following.

- *Market research and positioning, and opening preparation services.* We provide (i) market research and positioning services by conducting market research and analysis, preparing reports on feasibility study, financial projection and marketing and positioning strategies with the aim of optimizing the positioning and tenant mix of commercial properties, and providing advice on the design and construction plans of commercial properties; and (ii) opening preparation services by helping property developers with opening process of commercial properties, which managing the furnishing work and tenant move-in, and assisting tenants with applications for business licenses.
- *Commercial operation services.* We provide (i) tenant sourcing services by helping property owners of commercial properties identify and solicit target tenants and arrange the signing of tenancy agreements; (ii) tenant management services by helping property owners handle tenants' enquiries and complaints and process rent payments; (iii) commercial management services by providing support and guidance to tenants on their operations with the aim of enhancing their performance, assist their daily business operations and handle tenants' enquiries and complaints; and (iv) marketing and promotion services by helping tenants hold promotion events and arrange advertising in various media to attract traffic to their businesses. We offer these services through our employees and sub-contractors.
- *Commercial properties leasing.* We lease certain commercial properties from property owners, then locate suitable tenants and sublease those properties for rental income.

## FINANCIAL INFORMATION

In 2018, 2019 and 2020, the revenue generated from our commercial operational services amounted to RMB62.4 million, RMB72.6 million, and RMB113.0 million, respectively, representing approximately 24.2%, 19.1%, and 19.2%, respectively, of our total revenue during the same periods. The following table sets forth a breakdown of our revenue from commercial operational services by service type during the years indicated, both in absolute amount and as a percentage of our revenue from commercial operational services:

|   | Year ended December 31, |              |               |              |                |              |
|---|-------------------------|--------------|---------------|--------------|----------------|--------------|
|   | 2018                    |              | 2019          |              | 2020           |              |
|   | (RMB'000)               | %            | (RMB'000)     | %            | (RMB'000)      | %            |
| Market research and positioning, and opening preparation services . . . . . | -                       | -            | -             | -            | 3,396          | 3.0          |
| Commercial operation services. . . . .                                      | 55,056                  | 88.3         | 64,133        | 88.4         | 95,013         | 84.1         |
| Commercial property leasing . . . . .                                       | 7,317                   | 11.7         | 8,438         | 11.6         | 14,547         | 12.9         |
| <b>Total. . . . .</b>   | <b>62,373</b>           | <b>100.0</b> | <b>72,571</b> | <b>100.0</b> | <b>112,956</b> | <b>100.0</b> |

### *Revenue from lifestyle services*

We also offer a wide range of lifestyle services, including (i) community living services, including turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services and common area management services; (ii) community asset management services, including carpark related services and property agency services; (iii) online and offline retail services and catering services; (iv) marketing event organization services; and (v) community space operational services.



## FINANCIAL INFORMATION

In 2018, 2019 and 2020, our revenue generated from our lifestyle services amounted to approximately RMB28.3 million, RMB38.9 million, and RMB117.2 million, respectively, representing 11.0%, 10.2%, and 19.9%, respectively, of our total revenue during the same periods. The weight of our lifestyle services as a percentage of our total revenue almost doubled from 10.2% in 2019 to 19.9% in 2020, primarily due to our business expansion to seize higher market share in the lifestyle services market and to expand our customer base, which is also manifested by the significant growth of our revenue generated from online and offline retail services and catering services that we began to provide at the end of 2019 from RMB0.4 million in 2019 to RMB32.4 million in 2020. The following table sets forth a breakdown of our revenue from lifestyle services by service type during the years indicated, both in absolute amount and as a percentage of our revenue from lifestyle services:

|  | Year ended December 31, |              |                  |              |                  |              |
|--|-------------------------|--------------|------------------|--------------|------------------|--------------|
|  | 2018                    |              | 2019             |              | 2020             |              |
|  | <i>(RMB'000)</i>        | %            | <i>(RMB'000)</i> | %            | <i>(RMB'000)</i> | %            |
| Community living services . . . . .                                  | 13,645                  | 48.2         | 20,313           | 52.3         | 43,762           | 37.4         |
| Community asset management services . . . . .                        | 6,840                   | 24.2         | 8,897            | 22.9         | 20,667           | 17.6         |
| Online and offline retail services and<br>catering services. . . . . | -                       | -            | 437              | 1.1          | 32,395           | 27.6         |
| Marketing event organization services . . . . .                      | 7,811                   | 27.6         | 9,215            | 23.7         | 19,143           | 16.3         |
| Community space operational services. . . . .                        | -                       | -            | -                | -            | 1,281            | 1.1          |
| <b>Total. . . . .</b>  | <b>28,296</b>           | <b>100.0</b> | <b>38,862</b>    | <b>100.0</b> | <b>117,248</b>   | <b>100.0</b> |

### Cost of Sales

Our cost of sales represents costs directly attributable to the provision of our services and consist primarily of (i) staff costs; (ii) outsourced labor costs; (iii) office expenses; (iv) maintenance costs; (v) material and cost of goods sold; (vi) energy and resources expenses; (vii) cleaning expenses; (viii) depreciation and amortization charges; and (ix) all other costs of sales, which consist primarily of business consultation expenses, entertainment expenses, and costs of low-value consumption goods such as office supplies and stationery.

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The following table sets forth a breakdown of our cost of sales by type during the years indicated, both in absolute amount and as a percentage of total cost of sales:

|   | Year ended December 31, |              |                  |              |                  |              |
|---|-------------------------|--------------|------------------|--------------|------------------|--------------|
|   | 2018                    |              | 2019             |              | 2020             |              |
|   | <i>(RMB'000)</i>        | %            | <i>(RMB'000)</i> | %            | <i>(RMB'000)</i> | %            |
| Staff costs . . . . .                         | 80,957                  | 54.7         | 134,138          | 60.7         | 174,599          | 51.2         |
| Outsourced labor costs . . . . .              | 44,413                  | 30.0         | 55,459           | 25.1         | 86,532           | 25.4         |
| Office expenses . . . . .                     | 1,261                   | 0.9          | 2,430            | 1.1          | 6,053            | 1.8          |
| Maintenance costs . . . . .                   | 8,878                   | 6.0          | 7,143            | 3.2          | 14,306           | 4.2          |
| Material and cost of goods sold . . . . .     | 4,508                   | 3.0          | 5,131            | 2.3          | 33,553           | 9.8          |
| Energy and resources expenses . . . . .       | 4,685                   | 3.2          | 12,822           | 5.8          | 17,815           | 5.2          |
| Cleaning expenses . . . . .                   | 1,183                   | 0.8          | 1,223            | 0.6          | 2,113            | 0.6          |
| Depreciation & amortization charges . . . . . | 1,180                   | 0.8          | 1,980            | 0.9          | 3,936            | 1.2          |
| Others . . . . .                              | 970                     | 0.6          | 713              | 0.3          | 1,984            | 0.6          |
| <b>Total . . . . .</b>                        | <b>148,035</b>          | <b>100.0</b> | <b>221,039</b>   | <b>100.0</b> | <b>340,891</b>   | <b>100.0</b> |

Our material and cost of goods sold primarily represent (i) purchasing costs associated with our provision of online and offline retail services and catering services as well as marketing event organization services; and (ii) material consumed in our provision of such services. Our material and cost of goods sold increased significantly from RMB5.1 million in 2019 to RMB33.6 million in 2020, primarily because (i) we began offering online and offline retail services and catering services at the end of 2019; and (ii) we expanded our online and offline retail services and catering services as well as marketing event organization services in 2020.

The following table sets forth a breakdown of our cost of sales by business line during the years indicated, both in absolute amount and as a percentage of total cost of sales. The cost of sales of our property management services increased between 2018 and 2019, and between 2019 and 2020, primarily due to the increases in our aggregate GFA under management as a result of our organic growth. The cost of sales of our value-added services to non-property owners almost doubled between 2018 and 2019, primarily because we expanded certain services that we began to offer at the end of 2018, such as preliminary planning services. The cost of sales of our lifestyle services increased significantly between 2019 and 2020, primarily because we allocated more resource to our lifestyle services, especially online and offline retail services and catering services as well as community asset management services, in order to seize higher market share and expand our customer base.

|   | Year ended December 31, |              |                  |              |                  |              |
|---|-------------------------|--------------|------------------|--------------|------------------|--------------|
|   | 2018                    |              | 2019             |              | 2020             |              |
|   | <i>(RMB'000)</i>        | %            | <i>(RMB'000)</i> | %            | <i>(RMB'000)</i> | %            |
| Property management services . . . . .                | 86,901                  | 58.7         | 102,593          | 46.4         | 130,516          | 38.3         |
| Value-added services to non-property owners . . . . . | 32,621                  | 22.0         | 74,363           | 33.6         | 94,679           | 27.8         |
| Commercial operational services . . . . .             | 15,374                  | 10.4         | 27,994           | 12.7         | 51,090           | 15.0         |
| Lifestyle services . . . . .                          | 13,139                  | 8.9          | 16,089           | 7.3          | 64,606           | 18.9         |
| <b>Total . . . . .</b>                                | <b>148,035</b>          | <b>100.0</b> | <b>221,039</b>   | <b>100.0</b> | <b>340,891</b>   | <b>100.0</b> |

## FINANCIAL INFORMATION

### Gross Profit and Gross Profit Margin

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

|   | Year ended December 31, |             |                       |             |                       |             |
|---|-------------------------|-------------|-----------------------|-------------|-----------------------|-------------|
|   | 2018                    |             | 2019                  |             | 2020                  |             |
|   | (RMB'000)               | %           | (RMB'000)             | %           | (RMB'000)             | %           |
| Property management services . . . . .          | 29,532                  | 25.4        | 38,115                | 27.1        | 59,208                | 31.2        |
| Value-added services to non-property owners . . | 18,241                  | 35.9        | 54,039                | 42.1        | 73,656                | 43.8        |
| Commercial operational services . . . . .       | 46,999                  | 75.4        | 44,577                | 61.4        | 61,866                | 54.8        |
| Lifestyle services . . . . .                    | 15,157                  | 53.6        | 22,773                | 58.6        | 52,642                | 44.9        |
| <b>Total/Overall . . . . .</b>                  | <b><u>109,929</u></b>   | <b>42.6</b> | <b><u>159,504</u></b> | <b>41.9</b> | <b><u>247,372</u></b> | <b>42.1</b> |

Our overall gross profit margin decreased slightly from 42.6% in 2018 to 41.9% in 2019. Such decrease was primarily due to (i) the increase in staff costs as a result of the labor cost inflation and our effort to improve the quality of our services by tailoring our services to customers' demands; and (ii) Wenzhou Liti City Shopping Center (溫州立體城) came under our management in 2019, and we incurred losses since the project was in the early stage of operation and as a result the costs from our operation exceeded the revenue we generated from our service provision. Typically a commercial project undergoes an early stage of operation for a certain period of time, during which the supporting facilities, residential properties and residents within the project's proximity tend to gradually increase, and traffic gradually picks up. As a result, the costs associated with the services we provide to a project during the early stage of operation tend to outweigh the revenue we generate from the services we provided to such project, leading to a loss.

Our overall gross profit margin remained relatively stable between 2019 and 2020, and was 41.9% and 42.1%, respectively.

## FINANCIAL INFORMATION

The gross profit margin for our property management services increased from 25.4% in 2018 to 27.1% in 2019, primarily due to our business expansion driven by the increases in our aggregate GFA under management and an increase in the average property management fee from RMB3.53 per sq.m in 2018 to RMB3.69 per sq.m in 2019. The gross profit margin for our property management services increased from 27.1% in 2019 to 31.2% in 2020, primarily due to (i) our cost control measures and the realization of greater economies of scale brought by our business expansion; and (ii) the reduction in our required contribution to the social insurance fund as a government relief measure in response to COVID-19.

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

|   | Year ended December 31, |             |                      |             |                      |             |
|---|-------------------------|-------------|----------------------|-------------|----------------------|-------------|
|   | 2018                    |             | 2019                 |             | 2020                 |             |
|   | <i>(RMB'000)</i>        | %           | <i>(RMB'000)</i>     | %           | <i>(RMB'000)</i>     | %           |
| New Hope Property Group <sup>(1)</sup> . . . . .                                    | 25,658                  | 24.5        | 34,790               | 27.4        | 47,546               | 31.7        |
| Joint ventures or associates of New Hope<br>Property Group <sup>(2)</sup> . . . . . | 2,339                   | 38.0        | 2,549                | 38.6        | 6,171                | 31.4        |
| Associates of our Ultimate Controlling<br>Shareholder <sup>(3)</sup> . . . . .      | 1,535                   | 26.6        | 776                  | 10.9        | 4,289                | 27.7        |
| Independent Third Parties <sup>(4)</sup> . . . . .                                  | -                       | -           | -                    | -           | 1,202                | 26.3        |
| <b>Total</b> . . . . .  | <b><u>29,532</u></b>    | <b>25.4</b> | <b><u>38,115</u></b> | <b>27.1</b> | <b><u>59,208</u></b> | <b>31.2</b> |

*Notes:*

- (1) Refers to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers in for which New Hope Property Group held a controlling interest.
- (2) Refer to properties developed by joint ventures or associates of New Hope Property Group, including Sichuan New Hope Industrial Co., Ltd. (四川新希望實業有限公司), Chengdu Shenlong Real Estate Development Co., Ltd. (成都申龍房地產開發有限公司), Sichuan Dongjin Tourism Development Co., Ltd. (四川東進新希望旅遊開發有限公司), Jiaying Xinjin Properties Co., Ltd. (嘉興新錦置業有限公司), Ningbo Chenxin Properties Co., Ltd. (寧波辰新置業有限公司), Guangxi Tangsheng Investment Co., Ltd. (廣西唐昇投資有限公司), and Nanning Xinyong Properties Co., Ltd. (南寧新邕置業有限公司).
- (3) Refer to properties developed by other associates of our Ultimate Controlling Shareholder, including Sichuan Huaxi Dairy Co., Ltd. (四川華西乳業有限責任公司), New Hope Liuhe Fodder Corp. (新希望六和飼料股份有限公司), Chengdu Jinjiang Xiaokang Comprehensive Outpatient Department Co., Ltd. (成都錦江曉康之家綜合門診部有限公司), Sichuan Xinwang Bank Co., Ltd. (四川新網銀行股份有限公司), Chengdu Xinlimei Beauty Hospital Co., Ltd. (成都新麗美醫療美容醫院有限公司).
- (4) Refer to properties solely developed by independent third-party property developers.

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## FINANCIAL INFORMATION

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Our gross profit margin for properties developed by independent third-party property developers was lower than the gross profit margins of properties developed by New Hope Property Group or by joint ventures and associates of New Hope Property Group, primarily because certain projects developed by independent third parties are subway facilities and typically carry relatively low gross profit margins due to their public service nature. See “Business—Property Management Services—Our Pricing Policy” for more details.

The gross profit margin for our value-added services to non-property owners increased from 35.9% in 2018 to 42.1% in 2019, primarily due to the realization of economy of scale as a result of our expansion of value-added services to non-property owners in 2019. The gross profit margin for our value-added services to non-property owners increased from 42.1% in 2019 to 43.8% in 2020, primarily because the cost of sales associated with our value-added services to non-property owners, the majority of which were staff costs, decreased as a result of the reduction in our required contribution to the social insurance fund in response to COVID-19, as partially offset by the additional cost of sales that we incurred since we began to provide sales office management services as well as preliminary planning and design consultancy services to properties developed by New Hope Property Group in new cities where we had no presence.

The gross profit margin for our commercial operational services decreased from 75.4% in 2018 to 61.4% in 2019, primarily due to the loss we incurred in Wenzhou Liti City Shopping Center, which is still undergoing an early stage of operation, resulting in upfront operation costs that exceeded the revenue we generated from providing commercial operational services to the project. The gross profit margin for our commercial operational services decreased from 61.4% in 2019 to 54.8% in 2020, primarily because we began subleasing Bai Lu Li (白麓里), a shopping street located in Wenzhou, in the last quarter of 2020 as part of our commercial leasing services, which carries relatively lower gross profit margin.

The gross profit margin for our lifestyle services increased from 53.6% in 2018 to 58.6% in 2019, primarily because (i) we almost doubled our revenue from community living services by developing common area management services, which generated a higher gross profit margin; and (ii) we expanded our community asset management services, such as carpark related services and property agency services, both of which carry high gross profit margins. The gross profit margin for our lifestyle services decreased from 58.6% in 2019 to 44.9% in 2020, primarily because we started to provide new services, such as online and offline retail services and catering services, to expand our customer base and to seize higher market share; these services were newly provided and we incurred relatively high costs from our operations in the initial stage. In addition, due to their service nature, our online and offline retail services and catering services carry relatively lower gross profit margins.

The gross profit margin for commercial operational services is in general higher than property management services, value-added services to non-property owners, and lifestyle services, primarily due to the nature of the service offerings, such as market research and positioning and tenant sourcing and management, which require fewer staff members and therefore incur less staff related costs, resulting in higher gross profit margin for commercial operational services in general.

## FINANCIAL INFORMATION

### Other Net (Loss)/Income

Our other net income primarily consists of (i) gains on disposal of a subsidiary; (ii) government grants; (iii) valuation gains or losses on investment property; (iv) net losses on disposal of property, plant and equipment; and (v) all the other income which primarily consist of penalty fees that we charged for our tenants' breach of lease and the additional value-added tax ("VAT") deductions for life service industry pursuant to notices released by the Ministry of Finance and State Administration of Taxation as part of China's VAT reform. The government grants that we received primarily consist of (i) employment stabilization subsidies, which were granted from unemployment insurance funds to enterprises that adopt effective measures to conduct no layoffs or fewer layoffs and stabilize employment; and (ii) special subsidies in response to COVID-19. As of December 31, 2020, neither class of subsidy had an expiry date. Since the government grants that we received only accounted for 0.3%, 0.9% and 1.7%, respectively, of our profit before taxation in 2018, 2019 and 2020, it is our Directors' view that we do not rely on the government grants for our business operation and cash flow management.

Our other net income increased significantly from a loss of RMB1.2 million in 2018 to a gain of RMB7.1 million in 2019, primarily due to increases in (i) the valuation gains on the 180 parking spots located at the Hongnan Harbor (錦官紅南港小區) in Wuhou District, Chengdu that we purchased on December 24, 2018; (ii) the government grants that we received; and (iii) the additional VAT deduction for life service industry. Our other net income increased from RMB7.1 million in 2019 to RMB10.3 million in 2020, primarily due to the gains on disposal of Wenzhou Hope, a subsidiary of ours. For more information, see "History, Reorganization and Corporate Structure—Reorganization of PRC subsidiaries—Disposal of Wenzhou Hope Town Enterprise Management Co., Ltd. (溫州希望小鎮企業管理有限公司) ("Wenzhou Hope)". The following table sets forth a breakdown of our other net income during the years indicated, both in absolute amount and as a percentage of total other net income:

|   | Year ended December 31, |              |                  |              |                  |              |
|---|-------------------------|--------------|------------------|--------------|------------------|--------------|
|   | 2018                    |              | 2019             |              | 2020             |              |
|   | <i>(RMB'000)</i>        | %            | <i>(RMB'000)</i> | %            | <i>(RMB'000)</i> | %            |
| Gains on disposal of a subsidiary <sup>(1)</sup> . . . . .        | 1,853                   | (156.6)      | –                | –            | 3,007            | 29.3         |
| Government grants <sup>(2)</sup> . . . . .                        | 161                     | (13.6)       | 728              | 10.2         | 2,259            | 22.0         |
| Valuation (losses)/gains on investment properties . . . . .       | (5,292)                 | 447.3        | 2,803            | 39.4         | 926              | 9.0          |
| Net losses on disposal of property, plant and equipment . . . . . | (2)                     | 0.2          | (56)             | (0.8)        | (29)             | (0.2)        |
| Others . . . . .  | 2,097                   | (177.3)      | 3,647            | 51.2         | 4,095            | 39.9         |
| <b>Total</b> . . . . .  | <b>(1,183)</b>          | <b>100.0</b> | <b>7,122</b>     | <b>100.0</b> | <b>10,258</b>    | <b>100.0</b> |

*Notes:*

(1) In December 2020, the Group disposed of all equity interests in Wenzhou Hope Town Enterprise Management Co., Ltd. to a related party at a consideration of RMB1, which leads to a net gain of RMB3,007,000.

In April 2018, the Group disposed of all equity interests in Hohhot New Hope Property Service Co., Ltd. to a third party at a consideration of RMB1, which leads to a net gain of RMB1,853,000.

(2) The government grants represent subsidies from local government without unfulfilled condition or future obligation attached.

## FINANCIAL INFORMATION

### Selling Expenses

Our selling expenses primarily consist of (i) advertising and promotion expenses; and (ii) staff costs in relation to our advertising and promotion activities. In 2018, 2019 and 2020, our selling expenses were RMB1.3 million, RMB3.4 million, and RMB3.2 million, respectively. The following table sets forth a breakdown of our selling expenses by type during the years indicated, both in absolute amount and as a percentage of total selling expenses:

|                                | Year ended December 31, |              |                  |              |                  |              |
|--------------------------------|-------------------------|--------------|------------------|--------------|------------------|--------------|
|                                | 2018                    |              | 2019             |              | 2020             |              |
|                                | <i>(RMB'000)</i>        | %            | <i>(RMB'000)</i> | %            | <i>(RMB'000)</i> | %            |
| Staff costs . . . . .          | 977                     | 77.9         | 1,212            | 35.4         | 2,467            | 77.7         |
| Advertising expenses . . . . . | -                       | -            | 2,054            | 59.9         | 377              | 11.9         |
| Other . . . . .                | 277                     | 22.1         | 161              | 4.7          | 330              | 10.4         |
| <b>Total . . . . .</b>         | <b>1,254</b>            | <b>100.0</b> | <b>3,427</b>     | <b>100.0</b> | <b>3,174</b>     | <b>100.0</b> |

Our selling expenses increased significantly from RMB1.3 million in 2018 to RMB3.4 million in 2019, primarily due to a significant increase in advertising expenses for brand promotion and marketing of Wenzhou Liti City Shopping Center. Our selling expenses remained relatively stable between 2019 and 2020, amounting to RMB3.4 million and RMB3.2 million, respectively.

### Administrative Expenses

Our administrative expenses include (i) staff costs, (ii) professional fees, (iii) office and business entertainment expenses, (iv) depreciation and amortization, (v) listing expenses, (vi) tax expense, and (vii) all other administrative expenses, which primarily consist of office expenses, tax expenses, hiring and training expenses, and cleaning expenses.

|  | Year ended December 31, |              |                  |              |                  |              |
|--|-------------------------|--------------|------------------|--------------|------------------|--------------|
|  | 2018                    |              | 2019             |              | 2020             |              |
|  | <i>(RMB'000)</i>        | %            | <i>(RMB'000)</i> | %            | <i>(RMB'000)</i> | %            |
| Staff costs . . . . .                            | 41,604                  | 75.5         | 62,920           | 76.4         | 79,249           | 66.5         |
| Professional fees. . . . .                       | 2,836                   | 5.1          | 2,517            | 3.1          | 5,877            | 4.9          |
| Office and business entertainment expenses . . . | 3,261                   | 5.9          | 5,633            | 6.9          | 8,174            | 6.8          |
| Depreciation & amortization. . . . .             | 1,893                   | 3.4          | 2,261            | 2.8          | 4,659            | 3.9          |
| Listing expenses . . . . .                       | -                       | -            | -                | -            | 7,561            | 6.3          |
| Tax expense . . . . .                            | 2,222                   | 4.0          | 2,792            | 3.4          | 4,352            | 3.6          |
| Others . . . . .                                 | 3,339                   | 6.1          | 6,078            | 7.4          | 9,529            | 8.0          |
| <b>Total . . . . .</b>                           | <b>55,155</b>           | <b>100.0</b> | <b>82,201</b>    | <b>100.0</b> | <b>119,401</b>   | <b>100.0</b> |

## FINANCIAL INFORMATION

Our administrative expenses increased significantly from RMB55.2 million in 2018 to RMB82.2 million in 2019, and from RMB82.2 million in 2019 to RMB119.4 million in 2020, primarily due to the increases in (i) staff costs to support business expansion, and costs associated with the rollout of new lifestyle services; and (ii) listing expenses in preparation of the Global Offering.

### Expected Credit Loss on Financial Assets

Expected credit loss on financial assets is primarily impairment provisions for trade receivables and other receivables. In 2018, 2019 and 2020, our expected credit loss on financial assets amounted to RMB0.3 million, RMB1.4 million, and RMB0.3 million, respectively. The increase in expected credit loss from RMB0.3 million in 2018 to RMB1.4 million in 2019 was primarily due to the increases in our receivables given our business expansion. The decrease in expected credit loss from RMB1.4 million in 2019 to RMB0.3 million in 2020 was primarily due to a decrease in expected credit losses resulting from a change in the aging of our receivables.

### Net Finance Cost

Our finance income primarily consists of interests from related parties to whom we offered loans with fixed interest rate. Our finance costs primarily relate to the 2019 ABS. The following table sets forth a breakdown of our finance income and costs during the years indicated:

|  | Year ended December 31, |              |              |
|--|-------------------------|--------------|--------------|
|  | 2018                    | 2019         | 2020         |
|  | <i>(RMB'000)</i>        |              |              |
| <b>Finance income</b>  |                         |              |              |
| Interest income from cash at bank and other institutions . . . . . | 1,508                   | 1,404        | 978          |
| Interest income from a related party <sup>(1)</sup> . . . . .      | –                       | 43,106       | 41,547       |
| <b>Finance expenses</b>  |                         |              |              |
| Interest expense to a related party <sup>(2)</sup> . . . . .       | –                       | (45,693)     | (43,445)     |
| Interest on lease liabilities . . . . .                            | (1,120)                 | (948)        | (1,334)      |
| Others . . . . .   | (701)                   | (914)        | (451)        |
| <b>Total</b> . . . . .   | <b>313</b>              | <b>3,045</b> | <b>2,705</b> |



## FINANCIAL INFORMATION

*Notes:*

- (1) The due from related companies represents the interest of the loan we made to New Hope Property Group as a part of the 2019 ABS Arrangement. Please see “—Indebtedness—Borrowings—2019 ABS” in this section for more information.
- (2) The interest expense represents the interest of the 2019 ABS. Please see “—Indebtedness—Borrowings—2019 ABS” in this section for more information.

### Income Tax Expenses

Income tax expenses represent corporate income tax arising out of our income from operations within the PRC. We calculate our current tax using the applicable statutory tax rate and the estimated assessable profits for the periods based on existing legislation, interpretations and practices. In 2018, 2019 and 2020, our effective corporate income tax rate was 20.7%, 17.0%, and 17.2%, respectively. The statutory tax rate was 25.0% during the Track Record Period, however, some of our subsidiaries engaged in state encouraged industries established in the specified western regions and therefore enjoyed a preferential income tax rate of 15.0% till December 31, 2030, while certain of our subsidiaries qualified as Small Low-profit Enterprises and therefore enjoyed a preferential tax rates of 5.0% and 10% in 2018, 2019 and 2020.

The following table sets forth a breakdown of our income tax expenses during the years indicated:

|   | Year ended December 31, |               |               |
|---|-------------------------|---------------|---------------|
|   | 2018                    | 2019          | 2020          |
|   | <i>(RMB'000)</i>        |               |               |
| <b>Current tax – PRC Corporate</b>                          |                         |               |               |
| <b>Income Tax</b>   |                         |               |               |
| Provision for the year . . . . .                            | 12,114                  | 15,584        | 23,756        |
| <b>Deferred tax</b>   |                         |               |               |
| Origination and reversal of temporary differences . . . . . | (1,387)                 | (2,468)       | (928)         |
| <b>Total</b> . . . . .                                      | <b>10,727</b>           | <b>13,116</b> | <b>22,828</b> |

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## FINANCIAL INFORMATION

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We typically make tax filings in accordance with the EIT Law and VAT Law requirements, pursuant to which amounts to be filed for income tax computation purpose should, in principle, be determined based on when the revenue from the delivery of goods or provision of services to customer was earned (the “Accrual Basis”), rather than based on the timing of payment or collections (the “Cash Basis”). In 2018, 2019 and 2020, we recorded current income tax expenses of RMB10.7 million, RMB13.1 million, and RMB22.8 million, respectively, in accordance with IFRS, which were determined based on the Accrual Basis. During the same periods, we paid income tax of RMB15.4 million, RMB12.1 million, and RMB16.2 million, respectively. The differences between the current income tax expenses and the income tax paid were mainly due to the timing difference between the Accrual Basis and the Cash Basis in relation to the recognition of certain revenue from our services and interest income arising from a loan to a related party, and related expenses in our tax computation for 2018, 2019 and 2020. Historically, we calculated taxes on the Cash Basis when we prepared for our EIT and VAT filings, primarily due to our experience in the industry that tax filings on the Cash Basis is common and that tax computation on such basis would be practically convenient given that documentary evidence could be readily provided to the relevant tax authorities. As a result of such differences, we recorded current tax liabilities of RMB1.1 million, RMB4.6 million, and RMB12.2 million, respectively, as of December 31, 2018, 2019 and 2020. See Note 24(a) of the Accountants’ Report in Appendix I to this prospectus for further details.

Upon identification of this issue when preparing our combined financial statement in accordance with IFRS for the Listing, we took the initiative to inform the relevant tax authorities and adopted the Accrual Basis in recognizing revenue, income and expenses for our tax filings in 2020 that were previously recognized on the Cash Basis. We have applied such change retrospectively, filed with the relevant tax authorities regarding the adjustment resulting from such change, reflected the adjustments for 2018, 2019 and 2020 in the Accountants’ Report, and settled all underpaid taxes in full. As of the Latest Practicable Date, we had paid the amount of underpaid taxes of RMB21.1 million in full for all of our relevant PRC subsidiaries and branch offices to rectify the difference.

Considering that (i) during the Track Record Period and up to the Latest Practicable Date, we had not been charged any late fee or penalty with respect to tax filings we had made; (ii) we have adopted the Accrual Basis for tax computation in EIT and VAT tax filings starting from our EIT and VAT tax filings in 2020 and will use the Accrual Basis for EIT and VAT tax filings going forward; (iii) we have settled all underpaid taxes in full; and (iv) we have voluntarily made the tax adjustment and settled tax payment in full, our Directors are of the view that the risk that the relevant tax authority would hold us criminally liable, or impose on us a late fee or other administrative penalties for such tax matter is remote. As such, our Directors are of the view that the tax filing matters discussed above would not have any material and adverse impact on our business, financial performance and results of operations.

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## FINANCIAL INFORMATION

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To prevent the recurrence of similar incidents, we have implemented the following enhanced internal control measures since June 2020: (i) we have adopted a tax management policy which clearly requires the adoption of the Accrual Basis for tax filings; (ii) we require our subsidiaries and branches to collect and study local tax regulations and new policies which may be issued and amended from time to time; (iii) we have formulated future training plans and will arrange our relevant employees to attend trainings on applicable laws and regulations on a regular basis; and (iv) we have further established internal procedures to conduct internal inspections on tax compliance annually and if needed, will formulate correction measures and plans in a timely manner, designate responsible personnel and monitor and review correction progress to ensure compliance with the applicable laws and regulations.

### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### 2020 Compared to 2019

##### *Revenue*

Our revenue increased by 54.6% from RMB380.5 million in 2019 to RMB588.3 million in 2020, primarily due to the growth in revenue generated from the following services.

- *Property management services.* Our revenue from property management services increased by 34.8% from RMB140.7 million in 2019 to RMB189.7 million in 2020, primarily because of the new projects developed by New Hope Property Group and independent third parties that came under our management since December 31, 2019, resulting in an increase in our aggregate GFA under management from approximately 6.5 million sq.m as of December 31, 2019 to approximately 10.2 million sq.m as of December 31, 2020.
- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased by 31.1% from RMB128.4 million in 2019 to RMB168.3 million in 2020, primarily due to our growing revenue from sales office management services and preliminary planning and design consultancy services in relation to an increase in the number of projects developed by New Hope Property Group.
- *Commercial operational services.* Our revenue from commercial operational services increased by 55.6% from RMB72.6 million in 2019 to RMB113.0 million in 2020, primarily due to (i) the launch of our tenant management services and market research and positioning services; and (ii) the expansion of our commercial property leasing services.

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## FINANCIAL INFORMATION

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- *Lifestyle services.* Our revenue from lifestyle services increased significantly from RMB38.9 million in 2019 to RMB117.2 million in 2020, primarily due to the growth in our (i) online and offline retail services and catering services by RMB32.0 million; (ii) community living services by RMB23.4 million; (iii) community asset management services by RMB11.8 million as a result of our expanded carpark related services; and (iv) marketing event organization services by RMB9.9 million.

### *Cost of Sales*

Our cost of sales increased by 54.3% from RMB221.0 million in 2019 to RMB340.9 million in 2020, primarily due to the increase in staff and outsourced labor costs as a result of our continued business expansion.

### *Gross Profit and Gross Profit Margin*

As a result of the foregoing changes in revenue and cost of sales, our gross profit increased by 55.1% from RMB159.5 million in 2019 to RMB247.4 million in 2020, and our gross profit margin remained relatively stable at 41.9% and 42.1%, respectively, during the same period.

Gross profit for our property management services increased from RMB38.1 million in 2019 to RMB59.2 million in 2020, primarily due to (i) an increase in our aggregate GFA under management, and (ii) the reduction of our required contribution to the social insurance fund as a government relief measure in response to COVID-19. Our gross profit margins for property management services increased from 27.1% in 2019 to 31.2% in 2020, primarily due to (i) our cost control measures and the realization of greater economies of scale brought by our business expansion; and (ii) the reduction in our required contribution to the social insurance fund as a government relief measure in response to COVID-19..

Gross profit for our value-added services to non-property owners increased from RMB54.0 million in 2019 to RMB73.7 million in 2020, primarily due to our expansion of sales office management services and preliminary planning and design consultancy services. Our gross profit margin for value-added services to non-property owners increased from 42.1% in 2019 to 43.8% in 2020, primarily because the cost of sales associated with our value-added services to non-property owners, the majority of which are staff costs, decreased as a result of the reduction in our required contribution to the social insurance fund in response to COVID-19, as partially offset by the additional cost of sales that we incurred since we began to provide sales office management services to properties developed by New Hope Property Group in new cities where we had no presence.

Gross profit for our commercial operational services increased from RMB44.6 million in 2019 to RMB61.9 million in 2020, primarily because we began offering our tenant management services in 2020, which generated high gross profit. Our gross profit margin for commercial operational services decreased from 61.4% in 2019 to 54.8% in 2020, primarily because we began subleasing Bai Lu Li in the last quarter of 2020 as part of our commercial leasing services, which carries relatively lower gross profit margin.

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Gross profit for our lifestyle services increased significantly from RMB22.8 million in 2019 to RMB52.6 million in 2020, primarily due to our effort to enhance our community living services, such as our common area management services, community asset management services, marketing event organization services as well as online and offline retail services and catering services. However, since our online and offline retail services and catering services were still at the initial stage of operation and carried relatively low gross profit margins due to their service nature, we incurred high costs and our gross profit margin for lifestyle services decreased from 58.6% in 2019 to 44.9% in 2020.

### *Other Net (Loss)/Income*

Our other net income increased from RMB7.1 million in 2019 to RMB10.3 million in 2020, primarily due to (i) the gains on disposal of Wenzhou Hope of RMB3.0 million; and (ii) government grants of RMB1.5 million, as partially offset by a decrease in the valuation on investment properties by RMB1.9 million as a result of shorter remaining lease term. For more details on other net income, see Note 5 to the Accountants' Report included in Appendix I to this prospectus.

### *Selling Expenses*

Our selling expenses decreased slightly from RMB3.4 million in 2019 to RMB3.2 million in 2020, primarily because Wenzhou Liti City Shopping Center opened in 2019 and we incurred higher advertising expenses in connection with the marketing and promotion of such project.

### *Administrative Expenses*

Our administrative expenses increased from RMB82.2 million in 2019 to RMB119.4 million in 2020, primarily due to (i) an increase in staff costs from RMB62.9 million to RMB79.2 million as a result of the increase in our employee headcount attributable to our organic growth and continuous efforts to offer new services; (ii) an increase in professional expenses in connection with the Global Offering; and (iii) an increase in other administrative expenses from RMB6.1 million to RMB9.5 million as a result of business expansion and provision of new services. Our administrative expenses as a percentage of our revenue decreased from 21.6% in 2019 to 20.3% in 2020, primarily due to our realization of greater economies of scale as we expanded.

### *Expected Credit Loss on Financial Assets*

Our expected credit loss on financial assets decreased significantly from RMB1.4 million in 2019 to RMB0.3 million in 2020, primarily due to a decrease in the expected credit loss on trade and other receivables as a result of a change to the aging of our receivables.

### *Net Finance Costs*

Our net finance costs remained relatively stable at RMB3.0 million in 2019 to RMB2.7 million in 2020.

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## FINANCIAL INFORMATION

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### *Profit before Income Tax*

As a result of the foregoing, our profit before income tax increased from RMB77.2 million in 2019 to RMB132.6 million in 2020.

### *Income Tax Expense*

Our income tax expense increased from RMB13.1 million in 2019 to RMB22.8 million in 2020, primarily due to the increase in profit before income tax. For more details on income tax expense, see Note 7(a) to the Accountants' Report included in Appendix I to this prospectus.

### *Profit for the Year*

As a result of the foregoing, our profit for the year increased from RMB64.0 million in 2019 to RMB109.8 million in 2020.

## **2019 Compared to 2018**

### *Revenue*

Our revenue increased by 47.5% from RMB258.0 million in 2018 to RMB380.5 million in 2019, primarily due to the expansion of our following services.

- *Property management services.* Our revenue from property management services increased by 20.9% from RMB116.4 million in 2018 to RMB140.7 million in 2019, primarily because of the new projects developed by New Hope Property Group that came under our management in 2019, resulting in an increase in our aggregate GFA under management from 5.0 million sq.m in 2018 to 6.5 million sq.m in 2019.
- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased significantly from RMB50.9 million in 2018 to RMB128.4 million in 2019, primarily because (i) we began to provide pre-delivery services and post-delivery repair and maintenance services to non-property owners at the end of 2018; and (ii) we provided sales office management services to a greater number of projects developed by New Hope Property Group which were ready to sell.
- *Lifestyle services.* Our revenue from lifestyle services increased by 37.5% from RMB28.3 million to RMB38.9 million, primarily due to our enhanced efforts to expand our community living services and community asset management services.

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## FINANCIAL INFORMATION

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### *Cost of Sales*

Our cost of sales increased by 49.3% from RMB148.0 million in 2018 to RMB221.0 million in 2019, primarily due to an increase in staff costs related to our business expansion and an increase in average labor costs. Our staff costs increased by 65.6% from RMB81.0 million in 2018 to RMB134.1 million in 2019.

### *Gross Profit and Gross Profit Margin*

As a result of the foregoing changes in revenue and cost of sales, our gross profit increased by 45.1% from RMB109.9 million in 2018 to RMB159.5 million in 2019, although our gross profit margin decreased slightly from 42.6% to 41.9% during the same period. The decrease in gross profit margin is primarily due to the loss we incurred in Wenzhou Liti City Shopping Center, which came under our management in 2019 and was still undergoing an early stage of operation when relatively large upfront costs in relation to our operations were incurred.

Gross profit for our property management services increased from RMB29.5 million in 2018 to RMB38.1 million in 2019, primarily due to an increase in our aggregate GFA under management. Our gross profit margins for property management services increased from 25.4% in 2018 to 27.1% in 2019 due to the increases in (i) our aggregate GFA under management as a result of our business expansion; and (ii) the average property management fee from RMB3.53 per sq.m. in 2018 to RMB3.69 per sq.m. in 2019.

Gross profit for our value-added services to non-property owners increased significantly from RMB18.2 million in 2018 to RMB54.0 million in 2019, primarily due to (i) our expansion of sales office management services as a result of the new properties developed by New Hope Property Group that were ready to sell; and (ii) the predelivery services and post-delivery repair and maintenance services that we began to provide at the end of 2018. Our gross profit margin for value-added services to non-property owners increased from 35.9% in 2018 to 42.1% in 2019, due to our realization of economy of scale as a result of our business expansion.

Gross profit for our commercial operational services decreased slightly from RMB47.0 million in 2018 to RMB44.6 million in 2019, primarily due to the loss we incurred in Wenzhou Liti City Shopping Center. Our gross profit margin for commercial operational services dropped from 75.4% in 2018 to 61.4% in 2019 for the same reason.

Gross profit for our lifestyle services increased from RMB15.2 million in 2018 to RMB22.8 million in 2019, primarily due to an expansion of our community living services and community asset management services, both of which carry high gross profit, and a growing customer base as the result of the expansion of new types of lifestyle services. Our gross profit margins for lifestyle services were 53.6% and 58.6%, respectively, in 2018 and 2019.

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## FINANCIAL INFORMATION

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### *Other Net (Loss)/Income*

Our other net income increased significantly from a loss of RMB1.2 million in 2018 to RMB7.1 million in 2019, primarily due to (i) an increase in fair value of the 180 parking spots that we purchased in Wuhou District, Chengdu on December 24, 2018; (ii) a valuation gain on investment properties as a result of an increase in unit rent; and (iii) the additional VAT deduction for life service industry that became available to us when the relevant policy officially went into effect in 2019.

### *Selling Expenses*

Our selling expenses increased significantly by 161.5% from RMB1.3 million in 2018 to RMB3.4 million in 2019, primarily because Wenzhou Liti City Shopping Center opened in 2019, resulting in increases of advertising expenses in connection with marketing and opening promotion activities.

### *Administrative Expenses*

Our administrative expenses increased by 48.9% from RMB55.2 million in 2018 to RMB82.2 million in 2019, primarily due an increase in staff costs as a result of our growing management headcount given our organic business expansion and the new services that we began to offer.

### *Expected Credit Loss on Financial Assets*

Our expected credit loss on financial assets increased by 366.7% from RMB0.3 million in 2018 to RMB1.4 million in 2019, primarily due an increase in our trade and other receivables as a result of our business expansion.

### *Net Finance Costs*

Our net finance costs increased significantly from RMB0.3 million in 2018 to RMB3.0 million in 2019, primarily due to our finance income increased significantly from RMB1.5 million in 2018 to RMB44.5 million in 2019 as the result of an increase in interest of loan receivables due from related parties, and our finance cost increased significantly from RMB1.8 million in 2018 to RMB47.6 million in 2019 as the result of an increase in interest expense related to the 2019 ABS. Please see “—Indebtedness—Borrowings—2019 ABS” in this section for more information.

### *Profit before Income Tax*

As a result of the foregoing, our profit before income tax increased by 49.0% from RMB51.8 million in 2018 to RMB77.2 million in 2019.



## FINANCIAL INFORMATION

### *Income Tax Expense*

Our income tax expense increased by 22.4% from RMB10.7 million in 2018 to RMB13.1 million in 2019, primarily due to increase in profit before income tax.

### *Profit for the Year*

As a result of the foregoing, our profit for the year increased by 56.0% from RMB41.1 million in 2018 to RMB64.0 million in 2019.

## DESCRIPTION OF CERTAIN COMBINED STATEMENT OF FINANCIAL POSITION ITEMS

The following table sets forth our summary combined statement of financial position as of the dates indicated:

|  | As of December 31, |                  |                |
|--|--------------------|------------------|----------------|
|  | 2018               | 2019             | 2020           |
|  | <i>(RMB'000)</i>   |                  |                |
| <b>Assets</b>  |                    |                  |                |
| <b>Non-current assets</b>                                |                    |                  |                |
| Property, plant and equipment . . . . .                  | 7,436              | 12,466           | 17,098         |
| Investment properties . . . . .                          | 29,470             | 32,273           | 71,680         |
| Intangible assets . . . . .                              | 3,466              | 4,036            | 5,799          |
| Interests in an associate . . . . .                      | 1,256              | 1,757            | 1,643          |
| Other financial assets . . . . .                         | 30                 | 30               | 30             |
| Deferred tax assets . . . . .                            | 1,462              | 4,629            | 7,386          |
| <b>Total non-current assets . . . . .</b>                | <b>43,120</b>      | <b>55,191</b>    | <b>103,636</b> |
| <b>Current assets</b>                                    |                    |                  |                |
| Inventories . . . . .                                    | 83                 | 43               | 299            |
| Due from related companies . . . . .                     | 339,088            | 1,103,462        | 173,402        |
| Prepayments, deposits and other<br>receivables . . . . . | 21,490             | 26,653           | 38,122         |
| Trade receivables . . . . .                              | 59,153             | 83,130           | 163,103        |
| Cash and cash equivalents . . . . .                      | 117,065            | 49,347           | 112,614        |
| <b>Total current assets . . . . .</b>                    | <b>536,879</b>     | <b>1,262,635</b> | <b>487,540</b> |
| <b>Total assets . . . . .</b>                            | <b>579,999</b>     | <b>1,317,826</b> | <b>591,176</b> |

## FINANCIAL INFORMATION

|  | As of December 31, |                  |                |
|--|--------------------|------------------|----------------|
|  | 2018               | 2019             | 2020           |
|  | <i>(RMB'000)</i>   |                  |                |
| <b>Liabilities</b>                             |                    |                  |                |
| <b>Non-current liabilities</b>                 |                    |                  |                |
| Long-term borrowings . . . . .                 | –                  | 509,110          | –              |
| Lease liabilities . . . . .                    | 16,516             | 12,446           | 46,354         |
| Deferred tax liabilities . . . . .             | –                  | 699              | 2,528          |
| <b>Total non-current liabilities . . . . .</b> | <b>16,516</b>      | <b>522,255</b>   | <b>48,882</b>  |
| <b>Current liabilities</b>                     |                    |                  |                |
| Trade payables . . . . .                       | 18,128             | 24,452           | 43,653         |
| Other payables and accruals . . . . .          | 86,654             | 133,637          | 172,175        |
| Contract liabilities . . . . .                 | 66,809             | 88,620           | 161,706        |
| Current taxation . . . . .                     | 1,100              | 4,604            | 12,174         |
| Due to related companies . . . . .             | 16,884             | 39,724           | 43             |
| Current portion of long-term borrowings . .    | –                  | 75,085           | –              |
| Lease liabilities . . . . .                    | 5,160              | 6,215            | 7,245          |
| <b>Total current liabilities . . . . .</b>     | <b>194,735</b>     | <b>372,337</b>   | <b>396,996</b> |
| <b>Total liabilities . . . . .</b>             | <b>211,251</b>     | <b>894,592</b>   | <b>445,878</b> |
| <b>Net current assets . . . . .</b>            | <b>342,144</b>     | <b>890,298</b>   | <b>90,544</b>  |
| <b>Total equity attributable to equity</b>     |                    |                  |                |
| shareholders of the Company . . . . .          | 369,077            | 423,234          | 145,298        |
| Non-controlling interests . . . . .            | (329)              | –                | –              |
| <b>Total equity . . . . .</b>                  | <b>368,748</b>     | <b>423,234</b>   | <b>145,298</b> |
| <b>Total equity and liabilities . . . . .</b>  | <b>579,999</b>     | <b>1,317,826</b> | <b>591,176</b> |

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## FINANCIAL INFORMATION

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### Assets

#### *Property, Plant and Equipment*

Property, plant and equipment mainly consists of machinery, vehicles, electronic equipment, office and other equipment, furniture and fixtures, and right-of-use assets. Our property, plant and equipment increased from RMB7.4 million in 2018 to RMB12.5 million in 2019, and from RMB12.5 million as of December 31, 2019 to RMB17.1 million as of December 31, 2020, primarily due to (i) our purchase of additional office equipment and computers; (ii) our lease of additional right-of-use assets as new offices and employee dormitories; and (iii) the payments relating to new office and dormitory renovation as a result of our business expansion. For more details on property, plant and equipment, see Note 12 to the Accountants' Report included in Appendix I to this prospectus.

#### *Investment Properties*

Investment properties represent properties we acquire in order to generate rental income and fair value gains from appreciation of property value. They were measured at the end of the reporting period on a recurring basis into the three-level fair value hierarchy as defined in IFRS 13 by an independent accounting firm, and are subsequently reduced by depreciation. We recognize depreciation expenses as other expenses under our combined statement of comprehensive income. For more details on the fair value measurement of properties, see Note 11 to the Accountants' Report included in Appendix I to this prospectus.

Our investment properties balance was RMB29.5 million, RMB32.3 million, and RMB71.7 million as of December 31, 2018, 2019 and 2020, respectively. The increase from RMB29.5 million as of December 31, 2018 to RMB32.3 million as of December 31, 2019 was primarily due to the re-evaluation of the 180 parking spaces in Wuhou District, Chengdu that we purchased on December 24, 2018. The increase of the value of investment properties from RMB32.3 million as of December 31, 2019 to RMB71.7 million as of December 31, 2020 was primarily due to an increase in the value of right-of-use assets as a result of Bai Lu Li, which we began to sublease in the last quarter of 2020.

#### *Intangible Assets*

Intangible assets primarily represent our capitalization of certain expenditures on purchasing, maintaining and developing software and services. Our intangible assets increased from RMB3.5 million as of December 31, 2018 to RMB4.0 million as of December 31, 2019, and further increased to RMB5.8 million as of December 31, 2020, primarily due to our upgrade of our Modern Leisure Lifestyle app (漫生活) and our purchase of additional software, including a customer relationship management (CRM) platform, JD Edwards (JDE) enterprise resource planning system, cloud system, leasing management system, smart barrier gate system, and EBA monitoring system.

## FINANCIAL INFORMATION

### *Deferred Tax Assets and Liabilities*

Our deferred tax assets and liabilities relate to temporary differences between our net profit for financial reporting purposes and taxable income for tax purposes.

Our deferred tax assets increased from RMB1.5 million as of December 31, 2018 to RMB4.6 million as of December 31, 2019, and subsequently increased to RMB7.4 million as of December 31, 2020. This increases were primarily due to our Group's recognition of deferred tax assets in respect of cumulative tax losses of nil, RMB10.5 million, and RMB8.2 million, respectively, as it was probable that future taxable profits against which the losses can be utilized would be available in the relevant tax jurisdiction and entity. Our deferred tax liabilities increased significantly from RMB0.7 million as of December 31, 2019 to RMB2.5 million as of December 31, 2020, primarily due to the valuation gain of our right-of-use assets arising from Bai Lu Li.

### *Trade Receivables*

Trade receivables primarily arise from our provision of property management services, value-added services to non-property owners, commercial operational services and lifestyle services. We recognize trade receivables in respect of services upon rendering relevant property management or value-added services according to relevant agreements, and reduce trade receivables when property owners, residents, tenants, or property developers pay us the fees due. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

|   | As of December 31, |               |                |
|---|--------------------|---------------|----------------|
|   | 2018               | 2019          | 2020           |
|   | <i>(RMB'000)</i>   |               |                |
| Trade receivables from external customers . . . . . | 25,786             | 33,006        | 90,715         |
| Trade receivables from related companies . . . . .  | 33,895             | 51,489        | 74,183         |
| Less: Allowance for trade receivables . . . . .     | (528)              | (1,365)       | (1,795)        |
| <b>Total . . . . .</b>                              | <b>59,153</b>      | <b>83,130</b> | <b>163,103</b> |

## FINANCIAL INFORMATION

Before allowance for impairment of trade receivables, our trade receivables increased from RMB59.7 million as of December 31, 2018 to RMB84.5 million as of December 31, 2019, primarily due to our business expansion. Before allowance for impairment of trade receivables, our trade receivables increased significantly from RMB84.5 million as of December 31, 2019 to RMB164.9 million as of December 31, 2020, primarily due to (i) the expansion of our online and offline retail services and catering services as well as marketing event organization services in 2020; and (ii) the new services that we launched in 2020, including tenant management services and market research and positioning services. As of March 31, 2021, we collected RMB42.4 million, or 55.9%, of the outstanding trade receivables due from related companies as of December 31, 2020. As of March 31, 2021, we collected RMB36.6 million, or 41.9%, of the outstanding trade receivables due from external customers as of December 31, 2020.

Our average trade receivable turnover days were 67.7 days, 67.3 days and 75.3 days in 2018, 2019 and 2020, respectively. Our average trade receivable turnover days for a certain period is calculated by dividing the average of the beginning and ending balances of trade receivables by revenue for the relevant period, then multiplied by the number of days in that period. Our average trade receivable turnover days remained relatively stable from 2018 to 2019, which were 67.7 days and 67.3 days, respectively. Our average trade receivable turnover days increased from 67.3 days in 2019 to 75.3 in 2020, primarily because of the expansion of our online and offline retail services and catering services as well as marketing event organization services in 2020, as the collection period from the independent third-party customers of such services are typically longer than those of individual property owners of our property management services who are typically required to pay property management fees monthly. The following table sets forth our average trade receivables turnover days for related parties and for third parties during the years indicated:

|  | As of December 31, |       |       |
|--|--------------------|-------|-------|
|  | 2018               | 2019  | 2020  |
| Average trade receivables turnover days . . . . .                        | 67.7               | 67.3  | 75.3  |
| Average trade receivables turnover days for<br>related parties . . . . . | 135.5              | 116.0 | 105.6 |
| Average trade receivables turnover days for<br>third parties . . . . .   | 45.8               | 41.3  | 54.1  |

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## FINANCIAL INFORMATION

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Our average trade receivable turnover days for third parties is primarily associated with receivables from property owners arising from our property management services and trade receivables from customers arising from our lifestyle services, whereas our average trade receivable turnover days for related parties is primarily associated with receivables from New Hope Property Group arising from value-added services to non-property owners, such as sales office management services and preliminary planning and design consultancy services. Typically we collect property management fees for the property management services we provide to property owners on a monthly basis, and grant an average credit term ranging from one to three months to customers for our lifestyle services. We also typically collect fees for our value-added services to non-property owners on a quarterly basis, which are usually settled within 20 days after the end of each quarter. As a result, our average trade receivable turnover days for related parties were longer than that for third parties.

During the Track Record Period, our average trade receivables turnover days for related parties decreased from 135.5 days in 2018 to 116.0 days in 2019, and further decreased to 105.6 days in 2020 due to our efforts to narrow the gap between our average trade receivables turnover days for related parties and for third parties. Currently, we conduct account reconciliation on a monthly basis with related parties to ensure the accuracy of the amounts of trade receivables due from them pursuant to our financial management policies. We also communicate with the financial officers at related parties with outstanding trade receivables via corporate instant messaging, phone calls and in-person visits to facilitate timely collection thereof. Going forward, we plan to further enhance our trade receivables collection effort from related companies by adopting various collection approaches, including (i) taking into consideration the timely collection of trade receivables from related parties when evaluating employees' performance to tighten the monitoring and control of the collection progress on different corporate levels; (ii) communicating with related parties with respect to the settlement of long outstanding balances more proactively; and (iii) issuing past due notices to related parties with outstanding balances more regularly.

## FINANCIAL INFORMATION

As of the end of each reporting period, we conduct aging analysis of trade receivables based on the date of revenue recognition and net of allowance for impairment of trade receivables. The following table sets forth an aging analysis of our trade receivables based on due date as of the dates indicated:

|                               | As of December 31,   |                      |                       |
|-------------------------------|----------------------|----------------------|-----------------------|
|                               | 2018                 | 2019                 | 2020                  |
|                               | <i>(RMB'000)</i>     |                      |                       |
| Within one year . . . . .     | 56,036               | 80,100               | 161,196               |
| – Related parties . . . . .   | 33,895               | 51,489               | 74,183                |
| – Third parties . . . . .     | 22,141               | 28,611               | 87,013                |
| One to two years . . . . .    | 2,342                | 2,097                | 1,362                 |
| – Related parties . . . . .   | –                    | –                    | –                     |
| – Third parties . . . . .     | 2,342                | 2,097                | 1,362                 |
| Two to three years . . . . .  | 651                  | 786                  | 427                   |
| – Related parties . . . . .   | –                    | –                    | –                     |
| – Third parties . . . . .     | 651                  | 786                  | 427                   |
| Three to four years . . . . . | 124                  | 147                  | 118                   |
| – Related parties . . . . .   | –                    | –                    | –                     |
| – Third parties . . . . .     | 124                  | 147                  | 118                   |
| <b>Total . . . . .</b>        | <b><u>59,153</u></b> | <b><u>83,130</u></b> | <b><u>163,103</u></b> |

The following table sets forth the movements in the allowance for doubtful debts on trade receivables during the Track Record Period:

|                                    | Year ended December 31, |                     |                     |
|------------------------------------|-------------------------|---------------------|---------------------|
|                                    | 2018                    | 2019                | 2020                |
|                                    | <i>(RMB'000)</i>        |                     |                     |
| As of January 1 . . . . .          | 180                     | 528                 | 1,365               |
| Credit loss recognized . . . . .   | 348                     | 837                 | 430                 |
| Credit loss reversed . . . . .     | –                       | –                   | –                   |
| <b>As of December 31 . . . . .</b> | <b><u>528</u></b>       | <b><u>1,365</u></b> | <b><u>1,795</u></b> |

It is our Directors' view that there is no material recoverability issue with our outstanding trade receivables and that no further impairment is required. Such trade receivables mainly consisted of property management fees due from property owners and residents, and we have adopted a number of internal control measures on the collection of property management fees. For instance, we may send payment reminders to property developers, property owners and residents in writing on a monthly basis. If the outstanding fees remain unpaid for more than three months, our staff will visit the customer to make inquiries and may call, text or fax such customers to follow up; if the outstanding fees remain unpaid for more than one year, we may file a lawsuit against such customer to claim the outstanding amounts.

## FINANCIAL INFORMATION

### *Prepayments, Deposits and Other Receivables*

Our prepayments, deposits and other receivables mainly represent (i) VAT credit; (ii) prepayments for utilities and materials used for our services; (iii) deposits made in relation to tender processes; (iv) payment on behalf of property owners to utility and electricity suppliers and amount due from staff which mainly includes the advance we made to our employees for business trip and business development purposes; and (v) all the other receivables. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

|  | As of December 31, |               |               |
|--|--------------------|---------------|---------------|
|  | 2018               | 2019          | 2020          |
|  | <i>(RMB'000)</i>   |               |               |
| Prepaid other taxes. . . . .   | 312                | 1,316         | 664           |
| Prepayments . . . . .  | 1,680              | 4,966         | 10,620        |
| Deposits. . . . .  | 102                | 464           | 7,211         |
| Receivables from tenants and staff . . . . .                                 | 11,236             | 10,105        | 10,336        |
| Other receivables . . . . .  | 8,449              | 10,667        | 9,977         |
| Subtotal. . . . .  | 21,779             | 27,518        | 38,808        |
| Less: Allowance for impairment of other receivables<br>and deposits. . . . . | (289)              | (865)         | (686)         |
| <b>Total . . . . .</b>   | <b>21,490</b>      | <b>26,653</b> | <b>38,122</b> |

Before allowance for impairment of other receivables and deposits, our prepayments, deposits and other receivables increased from RMB21.8 million as of December 31, 2018 to RMB27.5 million as of December 31, 2019, primarily due to the prepayments we made to software developers and internet technology solution providers to support our business expansion. Our prepayments, deposits and other receivables further increased to RMB38.8 million as of December 31, 2020, primarily due to increases in (i) our prepayments for utility and electricity on behalf of property owners and tenants in line with the increase in the number of properties we managed and our business expansion; and (ii) tender deposits as we enhanced our efforts to expand our property management services to properties developed by independent third parties. Our prepayments increased significantly from RMB5.0 million as of December 31, 2019 to RMB10.6 million as of December 31, 2020, primarily due to our prepayment to New Hope Property for the purchase of certain parking spaces.



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## FINANCIAL INFORMATION

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### Liabilities

#### *Trade Payables*

Our trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from third-party suppliers, including purchase of utilities and materials, purchases from subcontractors, quality assurance deposits, and marketing expenses. We typically enjoy a credit term of one to two months. The following table sets forth a breakdown of our trade payables as of the dates indicated:

|                          | As of December 31, |        |        |
|--------------------------|--------------------|--------|--------|
|                          | 2018               | 2019   | 2020   |
|                          | <i>(RMB'000)</i>   |        |        |
| Trade payables . . . . . | 18,128             | 24,452 | 43,653 |

Our trade payables increased from RMB18.1 million as of December 31, 2018 to RMB24.5 million as of December 31, 2019, and further increased to RMB43.7 million as of December 31, 2020, primarily due to the increase in expenses paid to suppliers as a result of the increase in our aggregate GFA under management during the Track Record Period.

Our average trade payable turnover days is calculated by dividing the average of the beginning and ending balances of trade payables by cost of sales for the relevant period, and indicates the average time we take to make payments to suppliers. Our average trade payable turnover days increased from 30.5 days in 2018 to 34.7 days in 2019, primarily due to an increase in our trade payables as a result of our business expansion. Our average trade payable turnover days remained relatively stable in 2019 and 2020. The following table sets forth our trade payable turnover days during the years indicated:

|   | As of December 31, |      |      |
|---|--------------------|------|------|
|   | 2018               | 2019 | 2020 |
| Average trade payable turnover days . . . . . | 30.5               | 34.7 | 36.0 |

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## FINANCIAL INFORMATION

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The following table sets forth an aging analysis of our trade payables to third parties based on the invoice date as of the dates indicated:

|                              | As of December 31, |               |               |
|------------------------------|--------------------|---------------|---------------|
|                              | 2018               | 2019          | 2020          |
|                              | <i>(RMB'000)</i>   |               |               |
| Within one year . . . . .    | 16,294             | 22,272        | 42,707        |
| One to two years . . . . .   | 497                | 1,353         | 152           |
| Two to three years . . . . . | 1,337              | 108           | 80            |
| Over three years . . . . .   | –                  | 719           | 714           |
| <b>Total</b> . . . . .       | <b>18,128</b>      | <b>24,452</b> | <b>43,653</b> |

Our Directors confirm that we had not defaulted on payment of trade payables during the Track Record Period and up to the Latest Practicable Date.

### *Other Payables and Accruals*

Our other payables primarily represent (i) other taxes and charge payable; (ii) accrued payroll and other benefits; (iii) deposits; (iv) receipts on behalf of residents/tenants; and (v) others. Our other payables and accruals increased significantly from RMB86.7 million as of December 31, 2018 to RMB133.6 million as of December 31, 2019, primarily due to the increases in (i) receipts on behalf of residents/tenants which reflected the utility, electricity and trash disposal fees that were prepaid to us by property owners of the five properties delivered to us in the last quarter of 2019; and (ii) the accrued payroll and other benefits as a result of increased employee headcount attributable to our business growth. Our other payables and accruals further increased to RMB172.2 million as of December 31, 2020, primarily due to increases in deposits by RMB23.3 million from tenants for our tenant management services and from new property owners before they began renovating their units resulting from more projects delivered under our management; and (ii) receipts on behalf of residents/tenants by RMB25.4 million, reflecting the utility, electricity and trash disposal fees prepaid to us by property owners of the seven properties delivered to us in the last quarter of 2020, as partially offset by a decrease in accrued payroll and other benefits since in 2020 were paid employee bonuses semi-annually instead of annually.

## FINANCIAL INFORMATION

### *Contract Liabilities*

We collect deposits pursuant to our service agreements before we start rendering our property management, commercial operational, value-added, and lifestyle services. This gives rise to contract liabilities at the start of each service agreement that we enter into. As time lapses and as we render our service according to the respective service agreement, we recognize revenue and reduce contract liabilities.

Our contract liabilities increased from RMB66.8 million as of December 31, 2018 to RMB88.6 million as of December 31, 2019, and further increased to RMB161.7 million as of December 31, 2020, primarily due to increases in the number of properties that we managed as a result of a greater number of properties newly developed and delivered to us by New Hope Property, and we typically collect 6 to 12 months of property management fees for properties newly delivered for our management.

### *Lease Liabilities*

We lease certain leasehold land and buildings for our office use, to our employees as dormitories, and to tenants of Xi Wang Hui and Bai Lu Li as sublessor. We record the present value of the minimum lease payments we were committed to pay under the lease agreements as lease liabilities. Our total lease liabilities decreased from RMB21.7 million as of December 31, 2018 to RMB18.7 million as of December 31, 2019, primarily due to the decreases in the discounted value of future lease payments as a result of the decreases in lease term. Our lease liabilities increased significantly from RMB18.7 million to RMB53.6 million, primarily due to our lease of Bai Lu Li as a right-of-use asset for sublease purpose.

### NET CURRENT ASSETS OR LIABILITIES

The following table sets forth a breakdown of our net current assets or liabilities as of the dates indicated:

|   | As of December 31, |                  |                | As of              |
|---|--------------------|------------------|----------------|--------------------|
|   | 2018               | 2019             | 2020           | March 31,<br>2021  |
|   | <i>(RMB'000)</i>   |                  |                | <i>(unaudited)</i> |
| <b>Current assets</b>                                 |                    |                  |                |                    |
| Inventories . . . . .                                 | 83                 | 43               | 299            | 471                |
| Due from related companies <sup>(1)</sup> . . . . .   | 339,088            | 1,103,462        | 173,402        | –                  |
| Prepayments, deposits and other receivables . . . . . | 21,490             | 26,653           | 38,122         | 44,265             |
| Trade receivables . . . . .                           | 59,153             | 83,130           | 163,103        | 158,162            |
| Cash and cash equivalents . . . . .                   | 117,065            | 49,347           | 112,614        | 263,243            |
| <b>Total current assets . . . . .</b>                 | <b>536,879</b>     | <b>1,262,635</b> | <b>487,540</b> | <b>466,142</b>     |

*Note:*

(1) Our due from related companies primarily represent advances and loans to related companies during the Track Record Period. Our due from related companies peaked in 2019, primarily due to our lending of RMB600.0 million to New Hope Property Group as part of the 2019 ABS Arrangement, which will be settled in full prior to the Listing. For more information, please see “—Indebtedness—Borrowings—2019 ABS” in this section.

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|   | As of December 31, |                |                | As of<br>March 31, |
|---|--------------------|----------------|----------------|--------------------|
|   | 2018               | 2019           | 2020           | 2021               |
|   | <i>(RMB'000)</i>   |                |                | <i>(unaudited)</i> |
| <b>Current liabilities</b>                        |                    |                |                |                    |
| Trade payables . . . . .                          | 18,128             | 24,452         | 43,653         | 38,172             |
| Other payables and accruals . . . . .             | 86,654             | 133,637        | 172,175        | 126,696            |
| Due to related companies . . . . .                | 16,884             | 39,724         | 43             | –                  |
| Current portion of long-term borrowings . . . . . | –                  | 75,085         | –              | –                  |
| Contract liabilities . . . . .                    | 66,809             | 88,620         | 161,706        | 113,749            |
| Current taxation . . . . .                        | 1,100              | 4,604          | 12,174         | 23,738             |
| Lease liabilities . . . . .                       | 5,160              | 6,215          | 7,245          | 8,968              |
| <b>Total current liabilities</b> . . . . .        | <b>194,735</b>     | <b>372,337</b> | <b>396,996</b> | <b>311,323</b>     |
| <b>Net current assets</b> . . . . .               | <b>342,144</b>     | <b>890,298</b> | <b>90,544</b>  | <b>154,818</b>     |

Our net current assets increased significantly from RMB342.1 million as of December 31, 2018 to RMB890.3 million as of December 31, 2019, primarily due to the RMB764.4 million increase in amounts due from related companies, partially offset by (i) RMB75.1 million increase in the current portion of long-term borrowings; (ii) RMB47.0 million increase in other payables and accruals; and (iii) RMB21.8 million increase in contract liabilities.

Our net current assets decreased significantly from RMB890.3 million as of December 31, 2019 to RMB90.5 million as of December 31, 2020 primarily due to (i) the RMB930.1 million decrease in amounts due from related companies, and (ii) the RMB73.1 million increase in contract liabilities, partially offset by (i) the RMB80.0 million increase in trade receivables, (ii) the RMB63.3 million increase in cash and cash equivalents, and (iii) the RMB75.1 million decrease in current portion of long-term borrowings.

Our net current assets increased from RMB90.5 million as of December 31, 2020 to RMB154.8 million as of March 31, 2021, primarily due to (i) an RMB150.6 million increase in cash and cash equivalents; (ii) an RMB45.5 million decrease in other payables and accruals; and (iii) RMB48.0 million decrease in contract liabilities, as partially offset by an RMB173.4 million decrease in due from related companies.

Our Directors are of the view that, after taking into account the financial resources available to us including the estimated net proceeds of the Global Offering, available banking facilities 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.

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### LIQUIDITY AND CAPITAL RESOURCES

Our principal use of cash has been for working capital purposes. Our main source of liquidity has been proceeds from our business operations. In the foreseeable future, we expect this to continue to be our principal sources of liquidity, but we may use a portion of the proceeds from the Global Offering to finance some of our capital requirements.

#### Cash Flow

The following table sets forth selected cash flow data from our combined statements of cash flow during the years indicated:

|   | Year ended December 31, |                  |                |
|---|-------------------------|------------------|----------------|
|   | 2018                    | 2019             | 2020           |
|   | <i>(RMB'000)</i>        |                  |                |
| <b>Operating activities</b>   |                         |                  |                |
| Cash generated from operations . . . . .                                | 74,171                  | 125,043          | 181,384        |
| Income taxes paid . . . . .   | (15,433)                | (12,080)         | (16,186)       |
| <b>Net cash generated from operating activities . . . . .</b>           | <b>58,738</b>           | <b>112,963</b>   | <b>165,198</b> |
| <b>Investing activities</b>   |                         |                  |                |
| Interest received . . . . .   | 1,508                   | 1,404            | 983            |
| Dividends received from an associate . . . . .                          | 141                     | 115              | 613            |
| Proceeds on disposal of property, plant and equipment . . . . .         | –                       | –                | (29)           |
| Purchase of property, plant and equipment . . . . .                     | (11,899)                | (6,220)          | (8,420)        |
| Purchase of intangible assets . . . . .                                 | (1,081)                 | (1,272)          | (2,547)        |
| Purchase of other financial assets . . . . .                            | (30)                    | –                | –              |
| Provision of loans to related parties . . . . .                         | –                       | (600,000)        | –              |
| Net cash outflow from disposal subsidiaries . . . . .                   | –                       | –                | (521)          |
| (Advances to)/repayment of advances from related parties . . . . .      | (68,852)                | (118,682)        | 298,428        |
| <b>Net cash (used in)/generated from investing activities . . . . .</b> | <b>(80,213)</b>         | <b>(724,655)</b> | <b>288,507</b> |

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|   | Year ended December 31, |                 |                  |
|---|-------------------------|-----------------|------------------|
|   | 2018                    | 2019            | 2020             |
|   | <i>(RMB'000)</i>        |                 |                  |
| <b>Financing activities</b>   |                         |                 |                  |
| Proceeds for subscription of incentive shares                                 | –                       | –               | 7,357            |
| Proceeds from long-term borrowings . . . . .                                  | –                       | 600,000         | –                |
| Repayment of long-term borrowings . . . . .                                   | –                       | (26,860)        | (50,120)         |
| Dividend paid by New Hope Property<br>Service . . . . .                       | –                       | (8,464)         | (315,713)        |
| Capital element of leases rentals paid . . . . .                              | (4,827)                 | (6,725)         | (7,448)          |
| Interest element of leases rentals paid . . . . .                             | (1,026)                 | (869)           | (802)            |
| Interest paid . . . . .   | –                       | (34,638)        | (45,099)         |
| Payment for the acquisition of subsidiaries<br>under common control . . . . . | –                       | (1,311)         | (79,350)         |
| Advances from related parties . . . . .                                       | 3,839                   | 22,841          | 102,412          |
| Listing expense paid . . . . .  | –                       | –               | (1,675)          |
|   | –                       | –               | –                |
| <b>Net cash (used in)/generated from<br/>financing activities . . . . .</b>   | <b>(2,014)</b>          | <b>543,974</b>  | <b>(390,438)</b> |
| <b>Net (decrease)/increase in cash and cash<br/>equivalents . . . . .</b>     | <b>(23,489)</b>         | <b>(67,718)</b> | <b>63,267</b>    |
| <b>Cash and cash equivalents at the<br/>beginning of the year . . . . .</b>   | <b>140,554</b>          | <b>117,065</b>  | <b>49,347</b>    |
| <b>Cash and cash equivalents at the<br/>end of the year . . . . .</b>         | <b>117,065</b>          | <b>49,347</b>   | <b>112,614</b>   |

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### *Operating Activities*

Cash flow from operating activities reflects (i) profit before tax adjusted for non-cash and non-operating items, such as interest income and expense, depreciation of property, plant and equipment, and valuation gains and losses on investment properties; (ii) movements in working capital, such as increase or decrease in trade and other receivables, increase or decrease in trade and other payables, and increase or decrease in contract liabilities.

Cash generated from operations in 2020 was RMB181.4 million. The difference between cash used in operating activities and our profit before income tax of RMB132.6 million was RMB48.8 million, which primarily reflects (i) RMB6.3 million of positive adjustments before changes in working capital, which consist of a positive adjustment for interest expense of RMB44.8 million, a positive adjustments for depreciation of property, plant and equipment of RMB7.0 million, as partially offset by a negative adjustment for interest income of RMB42.5 million and a negative adjustment for gain on disposal of subsidiaries of RMB3.0 million; and (ii) positive changes in working capital of RMB43.1 million, which consist of a positive change for an increase in contract liabilities of RMB69.2 million, and a positive change for an increase in trade and other payables of RMB61.2 million, as partially offset by a negative change for an increase in trade and other receivables of RMB87.3 million.

Cash generated from operations in 2019 was RMB125.0 million. The difference between cash used in operating activities and our profit before income tax of RMB77.2 million was RMB47.8 million, which primarily reflects (i) RMB4.2 million of positive adjustments before changes in working capital, which consist of a positive adjustment for interest expense of RMB46.6 million, a positive adjustment for depreciation of property, plant and equipment of RMB3.5 million, and a positive adjustment for expected credit loss on trade and other receivables of RMB1.4 million, as partially offset by a negative adjustment for interest income of RMB44.5 million and a negative adjustment for valuation gains on investment properties of RMB2.8 million; and (ii) positive changes in working capital of RMB43.4 million, which consist of a positive change for increase in trade and other payables of RMB50.9 million and a positive change for increase in contract liabilities of RMB24.9 million, as partially offset by a negative change for increase in trade and other receivables of RMB32.4 million.

Cash generated from operations in 2018 was RMB74.2 million. The difference between cash used in operating activities and our profit before income tax of RMB51.8 million was RMB22.4 million, which primarily reflects (i) RMB18.5 million of positive adjustments before changes in working capital, which consist of a positive adjustment for share-based expenses of RMB13.0 million, a positive adjustment for valuation losses on investment properties of RMB5.3 million, a positive adjustment for depreciation of property, plant and equipment of RMB2.5 million, and a positive adjustment for interest expense of RMB1.1 million, as partially offset by a negative adjustment for gain on disposal of subsidiaries of RMB1.9 million and a negative adjustment for interest income of RMB1.5 million; and (ii) for share-based payments of RMB13.0 million, which positively affected operating cash flow; and (iii) positive changes in working capital of RMB3.1 million, which consist of a positive change for increase in

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contract liabilities of RMB23.0 million and a positive change for increase in trade and other payables of RMB22.8 million, as partially offset by a negative change for an increase in trade and other receivables of RMB42.7 million.

### *Investing Activities*

In 2020, our net cash inflows from investing activities were RMB288.5 million, primarily reflecting RMB298.4 million of repayment to related parties, as partially offset by payment of RMB8.4 million for the purchases of property, plant and equipment and RMB2.5 million for the purchases of intangible assets.

In 2019, our net cash outflows used in investing activities were RMB724.7 million, primarily reflecting (i) loans of RMB600.0 million provided to related parties; (ii) RMB118.7 million of repayment of advances from related parties; and (iii) payment of RMB6.2 million for the purchase of property, plant and equipment.

In 2018, our net cash outflows used in investing activities were RMB80.2 million, primarily reflecting (i) RMB68.9 million of advances to related parties; and (ii) payment of RMB11.9 million for the purchase of property, plant and equipment, as partially offset by RMB1.5 million of interest received.

### *Financing Activities*

In 2020, our net cash outflows used in financing activities were RMB390.4 million, primarily reflecting (i) RMB315.7 million of dividends paid; (ii) New Hope Property Service's acquisition of 100.0% of Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) at a total consideration of RMB79.4 million from New Hope Property Development, the immediate parent company of New Hope Property Service, in August 2020 as part of the Reorganization; (iii) RMB50.1 million of repayment of long-term borrowings; and (iv) RMB45.1 million of interest paid, as partially offset by RMB102.4 million of advances from related parties.

In 2019, our net cash inflows generated from financing activities were RMB544.0 million, primarily reflecting proceeds of RMB600.0 million from long-term borrowings, partially offset by (i) RMB34.6 million of interests paid; (ii) RMB26.9 million of repayments for long-term borrowings; (iii) RMB8.5 million of dividends paid; and (iv) RMB6.7 million of capital element of leases rentals paid.

In 2018, our net cash outflows used in financing activities were RMB2.0 million, primarily reflecting (i) RMB4.8 million of capital element of leases rentals paid; and (ii) RMB1.0 million of interest element of leases rentals paid.



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### Working Capital

Our Directors are of the view that, after taking into account the financial resources available to us, including our cash and cash equivalents, cash generated from operations, as well as the net proceeds of the Global Offering, we have sufficient working capital to satisfy our requirements at present and for at least the next 12 months following the date of this prospectus.

### INDEBTEDNESS

#### Borrowings

As of December 31, 2018, 2019 and 2020 and March 31, 2021, our total long-term borrowings amounted to nil, RMB584.2 million, nil and nil, respectively.

The following table sets forth the components of our interest-bearing borrowing as of the dates indicated:

|   | As of December 31, |                |          | As of<br>March 31, |
|---|--------------------|----------------|----------|--------------------|
|   | 2018               | 2019           | 2020     | 2021               |
|   | <i>(RMB'000)</i>   |                |          | <i>(unaudited)</i> |
| ABS-related borrowings <sup>(1)</sup>                   |                    |                |          |                    |
| Current portion of ABS-related borrowings .             | –                  | 75,085         | –        | –                  |
| Non-current portion of ABS-related borrowings . . . . . | –                  | 509,110        | –        | –                  |
| <b>Total long-term borrowings . . . . .</b>             | <b>–</b>           | <b>584,195</b> | <b>–</b> | <b>–</b>           |

*Note:*

(1) For more information, please see “—Indebtedness—Borrowings—2019 ABS” in this section.

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The following table sets forth a breakdown of the repayable dates of our long-term borrowings as of the dates indicated:

|   | As of December 31, |                |          | As of              |
|---|--------------------|----------------|----------|--------------------|
|   | 2018               | 2019           | 2020     | March 31,<br>2021  |
|   | <i>(RMB'000)</i>   |                |          | <i>(unaudited)</i> |
| Within one year . . . . .                   | –                  | 75,085         | –        | –                  |
| Between 1 and 2 years . . . . .             | –                  | 509,110        | –        | –                  |
| <b>Total long-term borrowings . . . . .</b> | <b>–</b>           | <b>584,195</b> | <b>–</b> | <b>–</b>           |

### **2019 ABS**

In March 2019, New Hope Property, our immediate parent company prior to the Reorganization, made a loan of RMB600.0 million to us and then entered into a non-recurring asset-backed security (the “2019 ABS”) arrangement (the “2019 ABS Arrangement”) with CITIC Securities Company Limited (“中信証券股份有限公司”) by transferring the receivables from the abovementioned loan to the 2019 ABS. On May 21, 2019, the 2019 ABS was formally established with the same aggregate principal amount as the abovementioned loan, and was secured by (i) a pledge of the rights to receive property management fees relating to certain properties under our management; as well as (ii) an undertaking from New Hope Group Company that it would pay any difference between the amounts paid by us and the outstanding amount due under the 2019 ABS Arrangement (the “Undertaking”). In connection with the 2019 ABS, we made loans (the “2019 Loan”) to New Hope Property Group with an aggregate principal amount of RMB600.0 million at the same effective interest rate as the 2019 ABS.

Our involvement in the 2019 ABS Arrangement was in support of New Hope Property’s exploration of new means of financing by using our future rights to receive property management fees from certain properties under our management as a pledge of the 2019 ABS. During 2019 and 2020, we repaid RMB26.9 million and RMB61.7 million, respectively, of the principal amount of the 2019 ABS to the holders of the 2019 ABS (the “2019 ABS Holders”).

On December 16, 2020, New Hope Property purchased all the 2019 ABS from other 2019 ABS Holders and became the sole 2019 ABS Holder. New Hope Property then early terminated the 2019 ABS on December 28, 2020, and pursuant to a debt expiation agreement entered into between New Hope Property Group dated December 29, 2020, the remaining 2019 ABS principal was offset by the 2019 Loan due from New Hope Property Group. Accordingly the pledge of our future rights to receive management fees for certain properties as mentioned above and the Undertaking have been released as of December 30, 2020, and the 2019 ABS was fully settled on March 8, 2021. See Note 22 of the Accountants’ Report in Appendix I to this prospectus for further details. The Group will not enter into similar ABS arrangements in the future.

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### NON-IFRS MEASURES

To supplement our combined financial statements which are presented in accordance with IFRS, we also presented adjusted profit and total comprehensive income, adjusted net profit margin and adjusted gearing ratio as additional financial measures. We believe that these non-IFRS measures facilitate comparison of our financial performance and position by eliminating the impact of items that we do not consider indicative of the actual performance of our business.

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

We calculate adjusted net profit margin by dividing adjusted profit and total comprehensive income for the year by revenue for the same year. We calculate adjusted gearing ratio by dividing adjusted bank and other borrowings and lease liabilities by adjusted total equity as of the respective dates.

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

The following table reconciles our adjusted profit and total comprehensive income in each year of the Track Record Period presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

|   | Year ended December 31, |               |                |
|---|-------------------------|---------------|----------------|
|   | 2018                    | 2019          | 2020           |
|   | <i>(RMB'000)</i>        |               |                |
| Profit and total comprehensive income for the year . . . . .                        | 41,058                  | 64,041        | 109,770        |
| Less:   |                         |               |                |
| – Finance income related to borrowings and loans due from related parties . . . . . | –                       | 36,640        | 35,315         |
| Add:  |                         |               |                |
| – Finance costs related to borrowings and loans due from related parties . . . . .  | –                       | 38,839        | 36,928         |
| <b>Adjusted profit and total comprehensive income. . . . .</b>                      | <b>41,058</b>           | <b>66,240</b> | <b>111,383</b> |

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Our adjusted net profit margin is 15.9%, 17.4% and 18.9%, respectively, in 2018, 2019 and 2020. The following table reconciles our adjusted total equity as of the dates indicated to the most directly comparable financial measure calculated and presented in accordance with IFRS:

|  | Year ended December 31, |                |                |
|--|-------------------------|----------------|----------------|
|  | 2018                    | 2019           | 2020           |
|  | <i>(RMB'000)</i>        |                |                |
| Total equity . . . . .   | 368,748                 | 423,234        | 145,298        |
| Less:  |                         |                |                |
| – Income and costs related to borrowings and loans<br>due from related parties . . . . . | –                       | 2,199          | 1,613          |
| <b>Adjusted total equity . . . . .</b>   | <b>368,748</b>          | <b>425,433</b> | <b>146,911</b> |

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

|   | Year ended December 31, |          |          |
|---|-------------------------|----------|----------|
|   | 2018                    | 2019     | 2020     |
|   | <i>(RMB'000)</i>        |          |          |
| Sum of long-term and short-term interest-bearing<br>bank and other borrowings and lease liabilities . . . | –                       | 584,195  | –        |
| Less:   |                         |          |          |
| – Borrowings related to ABS . . . . .   | –                       | 584,195  | –        |
| <b>Adjusted bank and other borrowings and<br/>  lease liabilities . . . . .</b>                           | <b>–</b>                | <b>–</b> | <b>–</b> |

Our adjusted gearing ratio is nil during the Track Record Period.

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The following table sets forth the impact of the 2019 ABS on our net profits, net profit margins and gearing ratios during the Track Record Period after excluding the other income and finance expenses in relation to the 2019 ABS from our financial results as of the dates and for the years indicated:

|  | As of and for the years ended December 31, |        |         |
|--|--|--------|---------|
|  | 2018                                       | 2019   | 2020    |
|  | <i>(RMB'000, except for percentages)</i>   |        |         |
| <b>Before adjusting for the 2019 ABS:</b>                    |  |        |         |
| Profit and total comprehensive income for the year . . . . . | 41,058                                     | 64,041 | 109,770 |
| Net profit margin <sup>(1)</sup> . . . . .                   | 15.9%                                      | 16.8%  | 18.7%   |
| Gearing ratio <sup>(2)</sup> . . . . .                       | –  | 138.0% | –       |
| <b>After adjusting for the 2019 ABS:</b>                     |  |        |         |
| Profit and total comprehensive income for the year . . . . . | 41,058                                     | 66,240 | 111,383 |
| Net profit margin <sup>(1)</sup> . . . . .                   | 15.9%                                      | 17.4%  | 18.9%   |
| Gearing ratio <sup>(2)</sup> . . . . .                       | –  | –      | –       |

*Notes:*

- (1) Net profit margin is calculated based on our profit and total comprehensive income for the year divided by our total revenue in the same year, multiplied by 100%.
- (2) Gearing ratio is calculated based on total borrowings divided by total equity, multiplied by 100%.

Our PRC Legal Advisor advised us that Article 61 of the General Lending Provisions (《貸款通則》) issued by the PBOC prohibits any financing arrangements or lending transactions between non-financial institutions, and that pursuant to Article 73 of the General Lending Provisions, the PBOC may impose on the non-compliant lender a fine of one to five times the income received by the lender from such loans. Our PRC Legal Advisor further advised that, notwithstanding the General Lending Provisions, the Supreme People’s Court has made new interpretations concerning financing arrangements and lending transactions between non-financial institutions in 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 “Judicial Interpretations on Private Lending Cases”) which came into effect on September 1, 2015 and was latest amended on December 29, 2020. According to Article 10 of the Judicial Interpretations on Private Lending Cases, the Supreme People’s Court recognizes the validity and legality of financing arrangements and lending transactions between non-financial institutions so long as certain requirements, such as the interest rates charged, are satisfied and there is no violation of relevant provisions of laws and regulations.

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As of the Latest Practicable Date, we had not received any notice of claim or was subject to any investigation or penalty relating to the interest-bearing loans to related parties and based on the public searches conducted by our PRC Legal Advisor, we had not been subject to any administrative penalty in respect of such interest-bearing loans by government authorities as of the Latest Practicable Date. As advised by our PRC Legal Advisor, under the Provisions of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》), PRC courts will support a company’s claim for interest from the date of engagement of contract to August 19, 2020 with relevant judicial interpretation at the time, and from August 20, 2020 to the date of repayment of the loan as long as the annual interest rate does not exceed four times the loan prime rate for one-year loan published by the National Interbank Funding Center when the related lawsuit is brought. Based on the above, our PRC Legal Advisor is of the view that the risk that we would be subject to any penalty with respect to such interest-bearing loans pursuant to the General Lending Provisions by the relevant regulatory authorities is remote, and that the interest-bearing loans to related parties do not constitute material non-compliance of laws and regulations and do not have a material adverse impact on the Listing. Based on the foregoing, we considered that we were not required to make any provision in relation to the potential violation of the General Lending Provision during the Track Record Period.

### Lease Liabilities

The following table sets forth our current and non-current lease liabilities as of the dates indicated:

|  | As of December 31, |               |               | As of              |
|--|--------------------|---------------|---------------|--------------------|
|  | 2018               | 2019          | 2020          | March 31,<br>2021  |
|  | <i>(RMB'000)</i>   |               |               | <i>(unaudited)</i> |
| Lease liabilities                        |                    |               |               |                    |
| Current . . . . .                        | 5,160              | 6,215         | 7,245         | 8,968              |
| Non-current . . . . .                    | 16,516             | 12,446        | 46,354        | 70,425             |
| <b>Total lease liabilities . . . . .</b> | <b>21,676</b>      | <b>18,661</b> | <b>53,599</b> | <b>79,393</b>      |

As of March 31, 2021, we did not have any banking facilities, any unutilized banking facilities or any outstanding or authorized but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowing, acceptance credits, hire purchase commitments, mortgages and charges on consolidated basis. As of March 31, 2021, we did not have any significant contingent liabilities or outstanding guarantees with respect to payment obligations to third parties.

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### CAPITAL EXPENDITURE, COMMITMENTS AND CONTINGENT LIABILITIES

#### Capital Expenditure

Our capital expenditure during the Track Record Period primarily represented expenditures incurred relating to purchase of property, plant and equipment and intangible assets. In 2018, 2019 and 2020, we incurred capital expenditures of RMB13.0 million, RMB7.5 million, and RMB11.0 million, respectively.

Our Directors estimate that our capital expenditure for 2021 will be approximately RMB45.0 million. Such estimates represent the total capital expenditure we expect to incur based on our existing business plans to develop our own information technology system and to strengthen our smart community management. We may adjust our business plans and the estimate total capital expenditure may also change.

#### Capital Commitments

During the Track Record Period, we did not have any material capital commitment.

#### Contingent Liabilities

During the Track Record Period, we did not have any significant contingent liabilities.

### OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties. We do not have any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to us.

### SUMMARY OF KEY FINANCIAL RATIOS

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

|  | As of/the year ended December 31, |       |      |
|--|-----------------------------------|-------|------|
|  | 2018                              | 2019  | 2020 |
| Current ratio <sup>(1)</sup> . . . . .                   | 2.8                               | 3.4   | 1.2  |
| Liabilities to assets ratio (%) <sup>(2)</sup> . . . . . | 36.4                              | 67.9  | 75.4 |
| Gearing ratio (%) <sup>(3)</sup> . . . . .               | –                                 | 138.0 | –    |
| Return on total assets (%) <sup>(4)</sup> . . . . .      | 11.0                              | 6.7   | 11.5 |
| Return on equity (%) <sup>(5)</sup> . . . . .            | 12.0                              | 16.2  | 38.6 |

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## FINANCIAL INFORMATION

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*Notes:*

- (1) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates.
- (2) Liabilities to assets ratio is calculated based on our total liabilities divided by our total assets as of the respective dates, multiplied by 100%.
- (3) Gearing ratio is calculated based on total borrowings divided by total equity, multiplied by 100%.
- (4) Return on total assets ratio is calculated based on our annualized profit from continuing operations for the period divided by the average balance of our total assets at the beginning and end of the period and multiplied by 100%.
- (5) Return on equity ratio is calculated based on our annualized operating profit for the period divided by the average balance of total equity at the beginning and end of the period and multiplied by 100%.

### **Current Ratio**

Our current ratio increased from 2.8 as of December 31, 2018 to 3.4 as of December 31, 2019, primarily due to an increase in our due from related companies as a result of our advance to related parties. Our current ratio decreased from 3.4 as of December 31, 2019 to 1.2 as of December 31, 2020, primarily due to a significant decrease in our due from related companies as a result of our settlement in full of the 2019 ABS as of December 31, 2020.

### **Liabilities to Assets Ratio**

Our liabilities to assets ratio increased from 36.4% as of December 31, 2018 to 67.9% as of December 31, 2019, primarily due to our ABS liabilities in 2019. Our liabilities to assets ratio further increased from 67.9% as of December 31, 2019 to 75.4% as of December 31, 2020, primarily due to a decrease in net assets as a result of RMB315.7 million of dividends that we declared in 2020.

### **Gearing Ratio**

Our gearing ratio was 138.0% as of December 31, 2019, primarily due to our ABS liabilities. Our gearing ratio was nil as of December 31, 2020, primarily because we had fully settled the outstanding 2019 ABS and thus had no borrowings.

### **Return on Total Assets**

Our return on total assets decreased from 11.0% as of December 31, 2018 to 6.7% as of December 31, 2019, primarily due to a significant increase in our total assets resulting from a significant increase in dues from related party. Our return on total assets increased from 6.7% as of December 31, 2019 to 11.5% as of December 31, 2020, primarily due to (i) an increase in our profits; (ii) a decrease in our total assets due to our declaration of dividends in the amount of RMB315.7 million; and (iii) a decrease in due from related parties in 2020.



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## FINANCIAL INFORMATION

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### **Return on Equity**

Our return on equity increased from 12.0% as of December 31, 2018 to 16.2% as of December 31, 2019, primarily due to an increase in our profit. Our return on equity increased from 16.2% as of December 31, 2019 to 38.6% as of December 31, 2020, primarily due to (i) the increase in our profit and our relatively high profits in 2020; and (ii) a significant decrease in our total equity resulting from dividend distribution in 2020.

### **QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK**

We are, in the ordinary course of our business, exposed to various market risks, including interest rate risk, credit risk and liquidity risk. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below.

#### **Interest Rate Risk**

Our interest rate risk arises primarily from borrowings. Borrowings bearing interest at fixed rates and lease liabilities expose us to fair value interest rate risk since the value of these financial instruments would fluctuate when the same set of cash flows are discounted by different market interest rates. As such, we closely monitor interest rate trend and its impact on our interest rate risk exposure.

Other than short-term lease liabilities, the most significant interest-bearing asset that we have is our long-term borrowings arising from the 2019 ABS Arrangement and that we have settled by the Listing. As a result, the Directors do not anticipate there is any significant impact to interest-bearing assets resulting from the changes in interest rates. We currently have not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arises.

As of December 31, 2018, 2019 and 2020, we have no floating-interests-rate interest bearing liabilities.

#### **Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. We are primarily exposed to credit risk in relation to our cash at banks and trade and other receivables. The carrying amounts of cash at banks and trade and other receivables represent our maximum exposure to credit risk in relation to financial assets.

We expect no significant credit risk associated with our cash deposits at banks since the counterparties are medium or large-sized banks and financial institutions with high credit standing. Our Directors do not expect that there will be any significant losses from non-performance by these counterparties, and consider credit risk arising from our cash at banks limited.

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## FINANCIAL INFORMATION

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We expect no significant credit risk associated with our trade receivables. We measure loss allowances at an amount equal to lifetime expected credit losses based on historical settlement records, current conditions and forward-looking information, and we review the recoverability of trade receivables at the end of each year to ensure that adequate impairment losses are made for irrecoverable amounts. We have a large number of customers and have no concentration of credit risk. In addition, we have monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

We expect the credit risks associated with other receivables due from related parties to be low, and we consider the expected credit loss rate for these receivables to be immaterial since our related parties have a strong capacity to meet their contractual cash flow obligations in the near term. In relation to credit risk associated with other receivables other than those from related parties, we make periodic collective assessments, as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in the outstanding balance of other receivables.

### **Liquidity Risk**

We aim to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including loans from related parties to meet our daily operation working capital requirements. Our Directors believe that there is no material liquidity risk since we regularly monitor our liquidity requirements and our compliance with lending covenants to ensure that we maintain both sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and medium term.

### **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of us are also considered as related parties. See Note 28 to the Accountants' Report in Appendix I to this prospectus for a detailed discussion of related party transactions.

### **Significant Related Party Transactions**

During the Track Record Period, we entered into the following significant transactions with related parties from time to time.

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## FINANCIAL INFORMATION

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### *Provision of Services*

In 2018, 2019 and 2020, our revenue recorded for providing services to related parties amounted to RMB62.9 million, RMB132.5 million, and RMB242.4 million, respectively. We derived such revenue primarily from providing property management services, value-added services to non-property owners and lifestyle services to New Hope Property Group and associates of New Hope Property Group.

### *Purchase of Properties*

In 2018 our purchase of properties from related parties amounted to RMB8.2 million, which primarily consisted of the purchase of 180 parking spots in Wuhou District, Chengdu on December 24, 2018 as investment properties for rental purposes. In 2020 our purchase of properties from related parties amounted to RMB3.0 million, which primarily consisted of the purchase of 74 parking spaces in Xindu District, Chengdu in the last quarter of 2020 as investment properties, all of which we had resold as of December 31, 2020. In 2019, we did not purchase any property from our related parties.

### *Interest Income Received from Related Parties*

In 2018, 2019 and 2020, we recorded interest received from related parties in the amount of nil, RMB45.7 million and RMB42.5 million, respectively. Our interest income received from related parties in 2018 primarily arose from our interest-bearing loans to related parties. Our interest income received from related parties in 2019 and 2020 primarily arose from our loans to New Hope Property Group in connection with the 2019 ABS Arrangement. Please see “—Indebtedness—2019 ABS” in this prospectus for more information.

### *Loans to Related Parties*

In 2019, we provided RMB600.0 million of loans to New Hope Property Group in connection with the 2019 ABS Arrangement and pledged future years’ rights of receiving management fees from certain projects against the 2019 ABS. Please see “—Indebtedness—Borrowings—2019 ABS” in this section for more information. As New Hope Property Group became the sole 2019 ABS Holder and terminated the 2019 ABS, the interest-bearing loans had been fully settled, and our Directors represent that the pledge of our future rights of receiving management fees for certain properties had been released accordingly as of December 30, 2020.

### *Offsetting with Receivables*

In December 2020, we entered into a debt expiation agreement with New Hope Property Group to offset RMB776.3 million of other payables, long-term borrowings, and due to related companies with our other receivables and due from related companies. As a part of the debt expiation agreement, we offset the remaining 2019 ABS principal with the outstanding 2019 Loans due from New Hope Property Group. Please see “—Indebtedness—Borrowings—2019 ABS” in this section for more information.

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## FINANCIAL INFORMATION

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### Balances with Related Parties

The following table sets forth a breakdown of our related party balances as of the dates indicated:

|  | As of December 31, |           |         |
|--|--------------------|-----------|---------|
|  | 2018               | 2019      | 2020    |
|  | <i>(RMB'000)</i>   |           |         |
| <i>Amounts due from related companies</i>              |                    |           |         |
| – Companies controlled by the Ultimate Owner . . . . . | 339,088            | 1,103,462 | 173,402 |
| <i>Trade receivables</i>                               |                    |           |         |
| – Companies controlled by the Ultimate Owner . . . . . | 33,895             | 51,489    | 74,183  |
| <i>Trade payables</i>                                  |                    |           |         |
| – Companies controlled by the Ultimate Owner . . . . . | 123                | 234       | 1,806   |
| <i>Contract liabilities</i>                            |                    |           |         |
| – Companies controlled by the Ultimate Owner . . . . . | 639                | 10,077    | 7,027   |
| <i>Amounts due to related companies</i>                |                    |           |         |
| – Companies controlled by the Ultimate Owner . . . . . | 16,884             | 39,724    | 43      |

Our Directors confirm that the abovementioned transactions with related parties were conducted on an arm's length basis and on normal commercial terms, and would not distort our results of operations during the Track Record Period or impact the reflection of our future performance. For details on these transactions, see Note 28 to the Accountants' Report included in Appendix I of the prospectus. Our Directors also confirm that amounts of non-trade nature, both due from and due to related parties, will be fully settled prior to the Listing.

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## FINANCIAL INFORMATION

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### DIVIDEND POLICY AND RETAINED PROFITS

Our Group has declared dividends of nil, RMB8.5 million, and RMB315.7 million, respectively, to our shareholders during the year of 2018, 2019 and 2020. The declaration, payment and amount of any future dividends, if any, will be at the sole discretion of our Board of Directors and will also depend on various factors that our Board of Directors deem relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws.

As of December 31, 2020, the retained profits of our Group amounted to RMB58.3 million. The transfer from our Group's retained profits to our statutory surplus reserve was nil and RMB4.6 million for 2018 and 2019, respectively, primarily because (i) in 2018 our statutory surplus reserve has reached 50.0% of our paid-in capital, and thus no additional statutory surplus reserve needed to be provided pursuant to the PRC regulations; and (ii) in 2019 we increased our paid-in capital from RMB5.0 million to RMB50.0 million, and accordingly we provided additional statutory surplus reserve based on 10.0% of our profit during the same year.

### DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this prospectus, our Directors confirm that, as of the Latest Practicable Date, they 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 amount of listing expenses in connection with the Global Offering, including underwriting commission, is estimated to be RMB54.2 million (HK\$65.0 million) (based on the midpoint of the indicative Offer Price range of HK\$4.25 per Share and assuming no Over-allotment Option will be exercised), representing approximately 7.7% of the gross proceeds from the Global Offering, of which (i) RMB7.6 million (HK\$9.1 million) has been charged to our combined statements of profit or loss in 2020, (ii) approximately RMB13.5 million (HK\$16.2 million) is expected to be charged to our combined statements of profit or loss for the periods after December 31, 2020; and (iii) approximately RMB33.1 million (HK\$39.7 million) is expected to be accounted for as a deduction from equity upon the Listing. Our Directors do not expect that our listing expenses will have a material adverse impact on our financial performance for the year ending December 31, 2021.

Our Directors would like to emphasize that the estimated amount of listing expenses disclosed above is for reference only. The final amount of listing expenses in relation to the Listing to be recognized in our combined statements of profit or loss and other comprehensive income will be subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending December 31, 2021 is expected to be adversely affected by non-recurring listing expenses, and may or may not be comparable to the financial performance of our Group in the past.

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## FINANCIAL INFORMATION

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### NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, 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, 2020 (being the date to which our Company’s latest combined audited financial results were prepared), and there has been no events since December 31, 2020 which would materially affect the information shown in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

### PROPERTY INTERESTS AND PROPERTY VALUATION

Savills, an independent property valuer, valued our properties based on the assumptions that (i) the transferable land use rights of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable have already been fully paid; (ii) we have good legal titles to the properties and have free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted; and (iii) the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the properties which are owned by us for sale or lease in the PRC, Savills has valued such properties by the market approach, assuming sales with the benefit of vacant possession by making reference to comparable sales evidences as available in the market. In valuing the properties which are leased by us for investment in the PRC, Savills has assigned no commercial value to the properties due to the prohibition against assignment.

Savills has valued our property interests as of March 31, 2021 and is of the opinion that the aggregate value of the property in which we had an interest as of such date was RMB13.4 million. The full text of the letter and summary disclosure of property valuation with regard to our property interests are set out in “Appendix III—Property Valuation Report” to this prospectus. The following table shows the reconciliation of aggregate amounts of certain properties reflected in the audited combined financial information as of December 31, 2020 as disclosed in the Accountants’ Report included in Appendix I to this prospectus, with the valuation of these properties as of March 31, 2021 disclosed in “Appendix III—Property Valuation Report” to this prospectus:

|   | <u>RMB’000</u> |
|---|----------------|
| <b>Net book value of the following properties as of</b> |                |
| <b>December 31, 2020</b>                                |                |
| – Investment properties - leased properties owned by    |                |
| the Company .....                                       | 13,291         |

## FINANCIAL INFORMATION

|   | <b>RMB'000</b> |
|---|----------------|
| Net valuation surplus . . . . .   | 109            |
| <b>Market value of properties as of March 31, 2021 as set out in the Property Valuation Report in Appendix III to this prospectus . . . . .</b> | <b>13,400</b>  |

### UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the following statement of unaudited pro forma adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is prepared to show the effect of the Global Offering on the combined net tangible assets of our Group as of December 31, 2020 as if the Global Offering had occurred on December 31, 2020 and were based on the combined net assets derived from the audited financial information of our Group as of December 31, 2020, as set out in the Accountants' Report in Appendix I to this prospectus and adjusted as follows:

|                                       | Combined net tangible assets attributable to the equity shareholders of the Company as of December 31, 2020 <sup>(1)</sup> | Effect on the completion of Reorganization before the Global Offering <sup>(2)</sup> | Estimated net proceeds from the Global Offering <sup>(3)</sup> | Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company as of December 31, 2020 | Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share |                           |
|---------------------------------------|--|--|--|---|---|---------------------------|
|                                       | <i>RMB'000</i>   | <i>RMB'000</i>   | <i>RMB'000</i>   | <i>RMB'000</i>  | <i>RMB<sup>(4)</sup></i>  | <i>HK\$<sup>(5)</sup></i> |
| Based on an Offer                     |  |  |  |   |   |                           |
| Price of HK\$3.80 per Share . . . . . | 139,499  | 963  | 590,119  | 730,581   | 0.91  | 1.08                      |
| Based on an Offer                     |  |  |  |   |   |                           |
| Price of HK\$4.70 per Share . . . . . | 139,499  | 963  | 737,058  | 877,520   | 1.10  | 1.31                      |

*Notes:*

- (1) The combined net tangible assets attributable to the equity shareholders of the Company as of December 31, 2020 is based on the combined total equity attributable to the equity shareholders of the Company as of December 31, 2020 of RMB145,298,000 after deduction of intangible assets of RMB5,799,000 as shown in the Accountants' Report set out in Appendix I to this prospectus.

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## FINANCIAL INFORMATION

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- (2) In preparation of the Global Offering, the Group immediately underwent the Reorganization as set out in the section headed “History, Reorganization and Corporate Structure” of this prospectus. The adjustment represents net effects of certain transactions of the Reorganization, which were completed after December 31, 2020, details of which are as follows:
- (i) Cash consideration of RMB107.7 million and RMB7.4 million paid or payable in connection with the acquisition of 90.8% and 6.2% of the equity interests in New Hope Service from New Hope Property and Yunjing Guanlan; and
  - (ii) Capital injections by shareholders of the Company of RMB116.1 million to the Company.

Details of the Reorganization mentioned above are set out in the section headed “History, Reorganization and Corporate Structure” in this prospectus.

- (3) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK\$3.80 per Share (being the minimum Offer Price) and HK\$4.70 per Share (being the maximum Offer Price), after deduction of the underwriting fees and other related expenses paid or payable by the Group (excluding the expenses that have been charged to profit or loss during the Track Record Period), and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme. The estimated net proceeds of the Global Offering have been converted to Renminbi at the PBOC rate of HK\$1.00 to RMB0.84 prevailing on December 31, 2020. No representation is made that Hong Kong dollars amount have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rate.
- (4) The unaudited pro forma adjusted net tangible assets per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 800,000,000 Shares, being the number of shares expected to be in issue following the completion of, the Capitalisation Issue and the Global Offering, and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme.
- (5) The unaudited pro forma adjusted net tangible assets per Share amounts in RMB are converted to Hong Kong dollar with the PBOC rate of RMB1.00 to HK\$1.19 prevailing on December 31, 2021. No representation is made that Renminbi amount have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rate.
- (6) Saved as disclosed above, no adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2020.

Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the financial position of our Group had the Global Offering been completed on December 31, 2020 or at any future dates.



## FUTURE PLANS AND USE OF PROCEEDS

### FUTURE PLANS AND PROSPECTS

See “Business—Our Strategies” for a detailed description of our future plans.

### USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$785.0 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK\$4.25 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

| Major Categories                           | % of Total Proceeds | Amount                  | Sub-categories   | Specific Plans  | % of Total Proceeds | Timeframe               |                      |                       |                      |                       |
|--|---------------------|-------------------------|--|---|---------------------|-------------------------|----------------------|-----------------------|----------------------|-----------------------|
|  |                     |                         |  |   |                     | July to December 2021   | January to June 2022 | July to December 2022 | January to June 2023 | July to December 2023 |
|  |                     | <i>HK\$ in millions</i> |  |   |                     | <i>HK\$ in millions</i> |                      |                       |                      |                       |
| Strategic acquisition and investment . . . | 70.0%               | 549.5                   | Acquire and invest in other property management companies          | We expect to further expand our business and diversify the property portfolio and further solidify our market position by acquiring or investing in other property management companies that focus on residential properties and non-residential properties such as office buildings, commercial complexes, and healthcare and education facilities | 61.7%               | 331.3                   | 152.9                | -                     | -                    | -                     |
|  |                     |                         | Acquire and invest in other companies providing lifestyle services | We expect to acquire or invest in companies offering lifestyle services, such as daycare services, in order to further develop our service ecosystem and improve our customer satisfaction  | 8.3%                | -                       | -                    | 65.2                  | -                    | -                     |

## FUTURE PLANS AND USE OF PROCEEDS

| Major Categories                               | % of Total Proceeds | Amount                  | Sub-categories                     | Specific Plans  | % of Total Proceeds | Timeframe               |                      |                       |                      |                       |
|--|---------------------|-------------------------|------------------------------------|---|---------------------|-------------------------|----------------------|-----------------------|----------------------|-----------------------|
|  |                     |                         |                                    |   |                     | July to December 2021   | January to June 2022 | July to December 2022 | January to June 2023 | July to December 2023 |
|  |                     | <i>HK\$ in millions</i> |                                    |   |                     | <i>HK\$ in millions</i> |                      |                       |                      |                       |
| Upgrade information system and equipment . . . | 15.0%               | 117.8                   | Midleground system                 | We expect to invest in the midleground systems, including, among others, (i) data midleground system and infrastructural data management system to integrate the data available for our business operation under different business segments, (ii) customer relationship management system to meet additional technology needs arising from our business expansion for a variety of our service offerings and the upgrades of our overall information system structure, and (iii) membership system to achieve centralized management of customer membership in different business segments and to generate more business value from customer membership data   | 3.0%                | 11.6                    | 2.5                  | 5.8                   | 1.1                  | 2.5                   |
|  |                     |                         | Property management support system | We plan to purchase a centralized management standardization system to achieve standardized management of our property management projects across the PRC and improve our overall operation efficiency and service quality  | 0.3%                | 0.4                     | 0.4                  | 0.8                   | 0.2                  | 0.4                   |
|  |                     |                         | Lifestyle service support system   | We expect to invest in information technology platforms to support our lifestyle services, including, among others, (i) to develop and optimize our ERP system to add features such as direct links to invoice printer and electronic invoice system, and access to online payment system and payment systems for other channels, and warehouse inventory management function, and (ii) to develop information technology platforms to support our community space operational services, online and offline retail services and catering services and community asset management services by adding features such as leasable space management function, contract management function, supplier information sharing function, to achieve efficient operation and management of these business lines | 1.9%                | 5.7                     | 1.8                  | 4.1                   | 1.1                  | 2.5                   |

## FUTURE PLANS AND USE OF PROCEEDS

| Major Categories | % of<br>Total<br>Proceeds | Amount                      | Sub-categories                                   | Specific Plans   | % of<br>Total<br>Proceeds | Timeframe                   |                            |                             |                            |                             |
|------------------|---------------------------|-----------------------------|--|--|---------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
|                  |                           |                             |  |  |                           | July to<br>December<br>2021 | January<br>to June<br>2022 | July to<br>December<br>2022 | January<br>to June<br>2023 | July to<br>December<br>2023 |
|                  |                           | <i>HK\$ in<br/>millions</i> |  |  |                           | <i>HK\$ in millions</i>     |                            |                             |                            |                             |
|                  |                           |                             | Corporate<br>infrastructural<br>operation system | We expect to optimize our corporate infrastructural operation systems, including, among others, (i) to develop business plan management system to add functions consolidating each subsidiary's business management, quality control, supply chain management, contract management, accounting management at our headquarters, (ii) to upgrade our financial indicator management and reporting system to achieve additional features such as refined cost and expense management at project level, streamlined internal expense approval procedure and data generation and display of revenue, costs, profits and other key financial indicators at different corporate levels, (iii) to update our settlement system to add additional features such as unified accounting items at different corporate levels, centralized management of receivables and functions to support the financial data analysis for various business decisions, and (iv) to upgrade our cost control system to achieve functions such as centralized supply contract management and payment schedule management and functions to support the centralized customer and supplier database | 1.4%                      | 4.7                         | 1.2                        | 2.9                         | 0.7                        | 1.6                         |

## FUTURE PLANS AND USE OF PROCEEDS

| Major Categories | % of Total Proceeds | Amount                  | Sub-categories   | Specific Plans   | % of Total Proceeds | Timeframe               |                      |                       |                      |                       |
|------------------|---------------------|-------------------------|--|--|---------------------|-------------------------|----------------------|-----------------------|----------------------|-----------------------|
|                  |                     |                         |  |  |                     | July to December 2021   | January to June 2022 | July to December 2022 | January to June 2023 | July to December 2023 |
|                  |                     | <i>HK\$ in millions</i> |  |  |                     | <i>HK\$ in millions</i> |                      |                       |                      |                       |
|                  |                     |                         | Intelligent community pilot projects                       | We plan to invest in four intelligent community pilot projects in Chengdu-Chongqing urban agglomeration. Such pilot projects are expected to be fully covered by RMA system, cloud-based intelligent traffic control system and intelligent security protection system to prepare for more extensive coverage of these intelligent systems in the property projects under our management   | 5.4%                | 8.5                     | 8.5                  | 8.5                   | 8.5                  | 8.5                   |
|                  |                     |                         | Human resources to support information technology upgrades | We plan to recruit information technology and management professionals, including, among others, research and development engineers and managers, product managers and project managers<br><br>Specifically, we plan to recruit approximately five to 10 technical experts and product experts with annual salary of approximately RMB300,000 to RMB600,000 per person, whose work assignment would encompass developing and optimizing intelligent IoT system | 3.0%                | –                       | 5.9                  | 5.9                   | 5.9                  | 5.9                   |

## FUTURE PLANS AND USE OF PROCEEDS

| Major Categories                             | % of Total Proceeds | Amount                  | Sub-categories | Specific Plans  | % of Total Proceeds | Timeframe               |                      |                       |                      |                       |
|--|---------------------|-------------------------|----------------|---|---------------------|-------------------------|----------------------|-----------------------|----------------------|-----------------------|
|  |                     |                         |                |   |                     | July to December 2021   | January to June 2022 | July to December 2022 | January to June 2023 | July to December 2023 |
|  |                     | <i>HK\$ in millions</i> |                |   |                     | <i>HK\$ in millions</i> |                      |                       |                      |                       |
| Talent recruitment and team building . . . . | 5.0%                | 39.3                    | N/A            | <p>We plan to recruit approximately 200 to 400 individuals for various positions, including management trainees, senior management, professionals for our property management services to non-residential properties such as schools and hospitals, our lifestyle services, our brand operation, business development and strategic acquisition and investment and several professional managers for our regional companies, in order to support our business expansion</p> <p>We expect our hiring policy to continue to follow our historical hiring policies. We generally do not require working experience for management trainees, but would require certain years of relevant working experience for other positions depending on the seniority of the position. We would require or prefer the candidates to hold relevant qualifications and credentials for positions that require certain professional skills, such as programming, accounting, and others. The annual salary for an individual hire would range from RMB60,000 to RMB500,000, depending on the positions and the specific case of each hire</p> | 5.0%                | -                       | 9.8                  | 9.8                   | 9.8                  | 9.8                   |
| Working capital . . .                        | 10.0%               | 78.5                    | N/A            | We expect to have increasing needs for working capital as a result of our expected rapid and organic expansion as well as diversifying service offerings and property portfolio under management  | 10.0%               | 78.5                    | -                    | -                     | -                    | -                     |

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## FUTURE PLANS AND USE OF PROCEEDS

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### **Plans for Strategic Acquisitions and Investments**

As of the Latest Practicable Date, we had not identified or committed to any acquisition targets for our use of net proceeds received by our Company from the Global Offering. When determining the amount of approximately HK\$484.3 million, or 61.7% of the net proceeds, allocated to potential acquisitions of and investment in other property management companies and approximately HK\$65.2 million, or 8.3% of the net proceeds, allocated to potential acquisitions of and investment in companies providing lifestyle services, assuming an Offer Price of HK\$4.25 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus), we have considered (i) the acquisition of or investment in majority equity interests of potential targets at a price-earning ratio of approximately 8.0 to 15.0 times; (ii) the acquisitions of or investments in approximately five to ten potential targets; and (iii) our criteria for strategic acquisitions and investments as disclosed below. We do not plan to acquire or invest in minority equity interests of potential targets. The above-mentioned considerations under the allocation of the net proceeds may be subject to changes based on market conditions.

Although our Directors had not identified any suitable targets as of the Latest Practicable Date, we have determined the criteria for evaluating potential targets. These efforts are based on the results of research, financial due diligence and preliminary assessments and feasibility studies undertaken during the Track Record Period and up to the date of this prospectus.

### ***Criteria for Strategic Acquisitions and Investments***

We plan to strategically acquire or invest in property management companies that focus on residential properties and non-residential properties such as office buildings, commercial complexes, and healthcare and education facilities. We plan to prioritize property management companies located in new first-tier and second-tier cities. We plan to focus on suitable targets which have: (i) GFA under management of over 200,000 sq.m.; (ii) revenue in the latest financial year of over RMB15.0 million; (iii) an average net profit margin of above 8.0% in the most recent fiscal year; and (iv) reputable brand and good corporate creditworthiness. Based on the above-mentioned criteria, we plan to acquire or invest in approximately five to ten potential targets, with an estimated average investment payback period ranging from five to ten years. The number of potential targets that we plan to acquire or invest in may be subject to changes based on market conditions.

We also plan to strategically acquire or invest in companies offering lifestyle services, such as daycare services, to increase the services offerings under our lifestyle service segment and improve our customer satisfaction. We plan to focus on suitable targets which: (i) can provide property owners with valuable products or services; (ii) already have a mature business model and a clear financial model that could be scaled up; and (iii) can provide us with the opportunities to expand into new markets, enhance our brand value and diversify our service offerings. Particularly, we target companies in new tier-one and second-tier cities that provide daycare services for children under three years old and expect such companies to help us provide an one-stop caring and early education solution that is easily accessible to property owners and residents in need. We believe such daycare services would not compete with New Hope Group as New Hope Group does not engage in such business.

With respect to the targets for our strategic acquisitions and investments, we will also consider other risk factors, including hidden liabilities, administrative penalties, outstanding legal proceedings and disputes.

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## FUTURE PLANS AND USE OF PROCEEDS

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The criteria are subject to adjustment based on changes in the market conditions and our strategic needs.

### *Implementation of Acquisition Plan*

We plan to acquire or invest in quality property management companies with the property portfolio that meets our plans. We intend to primarily target property management companies that manage residential properties and non-residential properties such as office buildings, commercial complexes, and healthcare and education facilities. For more criteria for potential targets, please refer to “—Criteria for Strategic Acquisitions and Investments” above.

Savills and EH Consulting have identified increasing market concentration as a key development trend in China’s property management industry. See “Industry Overview—The Property Management Industry in China” in this prospectus. According to Savills and EH Consulting, although 92% of the 2019 Top 100 Property Management Companies were owned by property development companies, there were approximately 137,000 property management companies with a total market size of RMB809.5 billion in China in 2019, as compared to approximately 99,544 property developers at the same period. It means that most property management companies are not affiliated with property developers. According to Savills and EH Consulting, there are abundant property management companies in new first-tier and second-tier cities that fit our selection criteria of potential targets for strategic acquisitions and investments. As advised by Savills and EH Consulting, our Directors are of the view that there should be a rich variety of potential targets in new first-tier and second-tier cities that fit our selection criteria available for our consideration.

Even though we have grown our business scale primarily through organic growth since our inception, we plan to further expand our business scale through organic growth as well as strategic acquisitions and investments. According to Savills and EH Consulting, reputable property management companies actively increase their market shares and achieve better results of operations through strategic acquisitions and investments in addition to organic growth. Our Directors are of the view that the strategic acquisition and investments will help us accelerate our business expansion through expanding our strategic layout and increasing our market share. Particularly, our Directors believe that to penetrate into a new market through acquiring or investing in a well-established property management company typically can reduce the time required for, and the uncertainties and additional costs associated with, entering into a new market, as compared to expanding our property management service portfolio in a new market by way of organic growth. In addition, we believe that strategic acquisition and investments will also help us reduce our reliance on New Hope Property Group, joint ventures and associates of New Hope Property Group and associates of our Controlling Shareholders. We may establish business relationships with the independent third-party property developers that developed the property projects managed by the acquired targets, understand their service needs, gain their trust and improve our service quality accordingly. We believe these knowledge and improvement may increase our chances to procure property

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## FUTURE PLANS AND USE OF PROCEEDS

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management service contracts for additional property projects developed by such independent third-party property developers. Leveraging our experience with these property developers, we believe we may also seek opportunities to develop business relationship with other independent third-party property developers.

In May 2020, we set up the cooperation development center and began to expand our external business development scope by strategic acquisitions and investment. We direct our regional subsidiaries to conduct preliminary researches on the sizes, business operations, indebtedness, financial condition, and legal compliance statuses of potential acquisition and cooperation targets, and submit research reports for review and approval by our headquarters. If approved, our headquarters will instruct and supervise our regional companies to complete the bidding, contract negotiation and signing, and subsequent ramp-up processes.

### ***Valuation Basis***

We determine the amount of consideration for a potential target primarily by referring to the price-earnings ratios of comparable companies and its net profit in the most recent fiscal year. According to Savills and EH Consulting, price-earnings ratio used for listed property management companies' acquisitions and investments in other property management companies typically range from 2.7 times to 26.2 times. Our final price range may be determined on the basis of, or adjusted depending on, the target's size and our evaluation of its potential. In the event that the net proceeds received by our Company from the Global Offering are less than the capital expenditure needed, we intend to use our internal funds.

### **Basis and Assumptions**

Our future plans and business strategies are based on the following general assumptions:

- there will be no material change in the funding requirement for each of our future plans described in this prospectus from the amount as estimated by our Directors;
- we will have sufficient financial resources to meet the planned capital expenditures and business development requirements during the period to which our future plans relate;
- the Global Offering will be completed in accordance with and as described in the section entitled "Structure 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 Track Record Period;



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## FUTURE PLANS AND USE OF PROCEEDS

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- our operations including our future plans will not be interrupted by any *force majeure*, unforeseeable factors, extraordinary items or economic changes in respect of inflation, interest rate and tax rate in the PRC and elsewhere;
- there will be no material changes in the bases or rates of taxation applicable to our activities;
- we will not be materially affected by the risk factors as set out in the section headed “Risk Factors” in this prospectus;
- we will continue our operation including but not limited to retaining our key staff and maintaining our customers, suppliers and subcontractors in the same manner as we did during the Track Record Period;
- there will be no material change in existing laws and regulations, or other governmental policies relating to our Group and our business, or in the political or market conditions in which we operate; and
- there will be no epidemic or disasters, natural, political or otherwise, which would materially disrupt our businesses or operations.

The above allocation of the 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.

If the Offer Price is fixed at HK\$4.70 per Offer Share (being the high end of the Offer Price Range stated in this prospectus), we will receive net proceeds of approximately HK\$872.3 million, after deduction of underwriting fees and commissions and estimated expenses in connection with the Global Offering.

If the Offer Price is fixed at HK\$3.80 per Offer Share (being the low end of the Offer Price Range stated in this prospectus), the net proceeds we receive will be approximately HK\$697.7 million, after deduction of underwriting fees and commissions and estimated expenses in connection with the Global Offering.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to apply the unused net proceeds to short-term demand deposits with well-established and licensed commercial banks and authorized financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

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## UNDERWRITING

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### **HONG KONG UNDERWRITERS**

ABCI Securities Company Limited  
Haitong International Securities Company Limited  
CMB International Capital Limited  
CLSA Limited  
CMBC Securities Company Limited  
Fortune (HK) Securities Limited  
China Everbright Securities (HK) Limited  
Futu Securities International (Hong Kong) Limited  
Livermore Holdings Limited

### **UNDERWRITING ARRANGEMENTS AND EXPENSES**

#### **Hong Kong Public Offering**

##### *Hong Kong Underwriting Agreement*

The Hong Kong Underwriting Agreement was entered into on May 10, 2021. Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 20,000,000 Hong Kong Offer Shares (subject to re-allocation) for subscription by way of 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 the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option, and the Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally, but not jointly, agreed 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 in accordance with its terms and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

##### *Grounds for termination*

The obligations of the Hong Kong Underwriters to subscribe or procure subscriptions for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Sole Global Coordinator (for itself and on behalf of the Hong Kong

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## UNDERWRITING

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Underwriters) shall have the absolute right by notice in writing to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if any of the following events shall occur prior to the Termination Time:

- (a) there develops, occurs, exists or comes into force:
  - (i) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom, the European Union or any other jurisdiction relevant to any member of our Group (each a “**Relevant Jurisdiction**”); or
  - (ii) any change or development involving a prospective change or development, or any event or series of events likely to result in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a change of the Hong Kong dollars or of the RMB against any foreign currencies) in or affecting any Relevant Jurisdiction; or
  - (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, labor disputes, strikes, lock-outs, fire, explosion, earthquake, flooding, tsunami, civil commotion, riots, public disorder, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption in transportation, destruction of power plant, outbreak of diseases, epidemics or pandemics (excluding such large outbreak of diseases, epidemics or pandemics subsisting as of the date of this Agreement which have not materially escalated thereafter), economic sanction, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in whatever form) in or directly or indirectly affecting any Relevant Jurisdiction; or
  - (iv) 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 of generally on the Stock Exchange, the

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## UNDERWRITING

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New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

- (v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent governmental authority), New York (imposed at Federal or New York State level or other competent governmental authority), the PRC, or any other Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or
- (vi) any change or prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations (including, without limitation, a change of the Hong Kong dollars or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollars is linked to that of the United States dollars or RMB is linked to any foreign currency or currencies) in any Relevant Jurisdiction adversely affecting an investment in our Shares; or
- (vii) except as otherwise agreed by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), the issue or requirement to issue by our Company of a supplemental or amendment to this prospectus, Application Forms, or offering circular or other documents issued in connection with the offer and sale of our Offer Shares pursuant to the Companies Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange or the SFC; or
- (viii) any change or development involving a prospective change which has the effect of materialization of any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (ix) any litigation or claim being threatened or instigated against any member of our Group or any Director; or
- (x) any contravention by any member in our Group or any Director on the Companies Ordinance, the Company Law of the PRC or the Listing Rules; or
- (xi) any of the chairman, executive Directors, or the chief executive officer of our Company vacating his or her office; or
- (xii) a governmental authority or a regulatory body or organization in any Relevant Jurisdiction commencing any investigation or other action or proceedings, or announcing an intention to investigate or take other action or proceedings, against any member of our Group or any Director; or

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## UNDERWRITING

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- (xiii) any of the chairman or our Directors being charged with an indictable offence or prohibited by operation of laws or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political, regulatory body of any action against any Director or any announcement by any governmental, political, regulatory body that it intends to take any such action; or
- (xiv) any material adverse change or prospective material adverse change in the earnings, results of operations, business, business prospects, financial or trading position, conditions (financial or otherwise) or prospects of any member of our Group (including any litigation or claim of any third party being threatened or instigated against any Group Company); or
- (xv) any valid demand by creditors for repayment of indebtedness of any member of our Group in respect of which such member of our Group is liable prior to its stated maturity; or
- (xvi) any order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (xvii) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares (including the Over-allotment Option Shares) pursuant to the terms of the Global Offering; or
- (xviii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law; or
- (xix) the imposition of sanctions, in whatever form, directly or indirectly, by, or for, any governmental authority of Relevant Jurisdiction on any member of our Group,

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (A) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholder's equity, profit, losses, results of operations, position or condition (financial or otherwise), or prospects of our Group as a whole; or

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## UNDERWRITING

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- (B) 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
  - (C) makes or will make it impracticable, inadvisable or inexpedient to proceed with the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus, the Application Forms, or the offering circular; or
  - (D) has or is likely to have the effect of making a part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.
- (b) the Sole Global Coordinator may, for itself and on behalf of the Hong Kong Underwriters, in its sole and absolute discretion and upon giving notice orally or in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if there has come to the notice of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):
- (i) that any statement contained in the Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incorrect or misleading or any forecast, estimate, expressions of opinion, intention or expectation contained therein is not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or
  - (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, and which had not been disclosed in the Offering Documents, constitutes a material omission therefrom; or
  - (iii) any event, act or omission which gives or is likely to give rise to any liability of our Company and our Controlling Shareholders pursuant to the Hong Kong Underwriting Agreement; or
  - (iv) any breach of any of the material obligations of the Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

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## UNDERWRITING

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- (v) any breach of, or any event rendering any of the warranties in the Hong Kong Underwriting Agreement untrue or incorrect or misleading in any material respect; or
- (vi) a material portion of the orders placed or confirmed in the book-building process have been withdrawn, terminated or cancelled or the investment commitments by any cornerstone investor(s) after signing of the relevant Cornerstone Investment Agreement(s) with such cornerstone investor(s) have been withdrawn, terminated, cancelled or otherwise not fulfilled; or
- (vii) any expert described under the section headed “D. Other Information—9. Qualifications and Consents of Experts” in Appendix V to this prospectus has withdrawn its respective consent (other than the Sole Sponsor) prior to the issue of this prospectus; or
- (viii) any adverse change or prospective adverse change or development involving a prospective adverse change in the assets, business, general affairs, management, shareholder’s equity, profits, losses, properties, results of operations, in the position or condition (financial or otherwise) or prospects of our Company and our subsidiaries, as a whole; or
- (ix) the grant or agreement to grant the approval by the Listing Committee of the listing of, and permission to deal in, our Shares on the Main Board (the “**Admission**”) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (x) our Company has withdrawn the offering documents (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

### **Undertakings to the Stock Exchange pursuant to the Listing Rules**

#### *Undertakings 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 our equity securities (whether or not a class already listed) may be issued by us, or form the subject of any agreement to such an issue by us, within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date) and except pursuant to the Capitalization Issue, the Global Offering, the exercise of the Over-allotment Option, the Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme and/or under the circumstances prescribed by Rule 10.08 of the Listing Rules.

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## UNDERWRITING

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### *Undertakings by our Controlling Shareholders*

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, except pursuant to the Capitalization Issue, the Global Offering, the Stock Borrowing Agreement, the exercise of the Over-allotment Option, and the Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme, it/he/she shall not and shall procure that the relevant registered holder(s) of the Shares shall not:

- (i) 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, any of our Shares or securities of our Company in respect of which it/he/she is shown by this prospectus to be the beneficial owners; or
- (ii) in the period of six months commencing on the date on which the period referred to (i) above expires, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or securities of our Company referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he/she would then cease to be a group of Controlling Shareholders.

Note (2) to Rule 10.07(2) of the Listing Rules provides that the rule does not prevent our Controlling Shareholders from using the Shares owned by it/he/she as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

In addition, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that it/he/she shall, within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, it/he/she will:

- (a) when it/he/she pledges or charges any of our Shares or securities of our Company beneficially owned by it/him/her in favour of any authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge/charge together with the number of such Shares or securities of our Company so pledged or charged; and
- (b) when it/he/she receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or other securities of our Company will be disposed of, immediately inform our Company in writing of such indications.



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## UNDERWRITING

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We will also inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (a) and (b) above by any of our Controlling Shareholders and make a public disclosure by way of an announcement in accordance with the Listing Rules as soon as possible.

### **Undertakings pursuant to the Hong Kong Underwriting Agreement**

#### *Undertakings by our Company*

Our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Lead Managers, the Joint Bookrunners, the Hong Kong Underwriters that, among others, pursuant to the Hong Kong Underwriting Agreement, that, except pursuant to the Capitalization Issue, the Global Offering, the Stock Borrowing Agreement, the exercise of the Over-allotment Option, the Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme and the issue of Shares thereof as otherwise permitted under the Listing Rules (including but not limited to Rule 10.08 of the Listing Rules) and provided that the below restrictions shall not apply to any pledge or charge of Shares of any of our Controlling Shareholders in favour of any authorized institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-Month Period**”), we will not, (and each of our Controlling Shareholders shall procure that our Company will not ourselves) without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of our Company), or deposit any share capital or other equity 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 (legal or beneficial) of our Shares or any other equity securities of our Company, or any interest in any of the

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## UNDERWRITING

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foregoing (including, without limitation, any equity 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 other equity securities of our Company); or

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities, in cash or otherwise (whether or not the issue of such share capital or other equity securities will be completed within the First Six-Month Period). Our Company has further agreed that, in the event our Company is allowed to enter into any of the transactions described in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), we will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company.

### *Undertakings by our Controlling Shareholders*

Each of the Controlling Shareholders has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Lead Managers, the Joint Bookrunners and the Hong Kong Underwriters that, pursuant to the Hong Kong Underwriting Agreement, except pursuant to the Global Offering, the Stock Borrowing Agreement, the exercise of the Over-allotment Option, and the Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme and the issue of the Shares thereof, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), he/she/it will not,

(i) at any time during the First Six-Month Period, (a) offer, accept subscription for, pledge, charge (other than any pledge or charge of the issued share capital of our Company after consummation of the Global Offering (assuming the Over-allotment Option is not exercised) 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 in compliance with Note 2 to Rule 10.07 of the Listing Rules), allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase any of his/her/its share capital or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share

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capital or securities or any interest therein); 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 (legal or beneficial) of our Shares or any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other equity securities of our Company); or (c) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or (d) offer to or agree to do any of the foregoing or announce any intention to do so, in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise; and

- (ii) at any time during the Second Six-Month Period, enter into any of the transactions specified in (i)(a), (b) or (c) 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, he/she/it will cease to be a “controlling shareholder” (as defined in the Listing Rules) of our Company; and
  
- (iii) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (i)(a), (b) or (c) above or offers to or agrees to or announce any intention to effect any such transaction, he/she/it will take all reasonable steps to ensure that he/she/it will not create a disorderly or false market in the securities of our Company, provided that, subject to strict compliance with any requirements of applicable laws (including, without limitation and for the avoidance of doubt, the requirements of the Stock Exchange or of the SFC or of any other relevant governmental authority), nothing shall prevent any of our Controlling Shareholders from using equity securities of our Company beneficially owned by he/she/it as security in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155) of the laws of Hong Kong).

### **Indemnity**

Our Company and each of our Controlling Shareholders has agreed to indemnify, among others, the Sole Sponsor, the Sole Global Coordinator, the Joint Lead Managers, the Joint Bookrunners and the Hong Kong Underwriters against 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, or our Controlling Shareholders of the Hong Kong Underwriting Agreement.

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## UNDERWRITING

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### **International Offering**

#### ***International Underwriting Agreement***

In connection with the International Offering, our Company expects to enter into the International Underwriting Agreement with, among others, our Controlling Shareholders, the Sole Global Coordinator and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally, but not jointly, agree to purchase the International Offer Shares or procure 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 shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. It is expected that pursuant to the International Underwriting Agreement, our Company will give undertakings similar to as those given pursuant to the Hong Kong Underwriting Agreement as described in the paragraph headed “—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Undertakings pursuant to the Hong Kong Underwriting Agreement—Undertakings by our Company” in this section.

Under the International Underwriting Agreement, our Company expects to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) at any time from the Listing Date up to (and including) the date which is the 30th day after the last date for the lodging of Application Forms under the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 30,000,000 additional Shares, representing in aggregate not more than 15% of the number of Offer Shares initially available under the Global Offering. These additional Shares will be issued or sold at the Offer Price and used to cover over-allocation, if any, in the International Offering.

It is expected that pursuant to the International Underwriting Agreement, each of our Controlling Shareholders will undertake to the International Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by them in our Company for a period similar to such undertakings given by it pursuant to the Hong Kong Underwriting Agreement, which is described in the paragraph headed “—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Undertakings pursuant to the Hong Kong Underwriting Agreement—Undertakings by our Controlling Shareholders” in this section.

#### **Underwriting commission and expenses**

The Underwriters will receive a commission of 2.25% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commission. In addition, we agree, at our sole discretion, to pay to the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) a discretionary incentive fee of up to 0.75% of the aggregate Offer Price of all the Offer Shares. Assuming the Over-allotment Option is not exercised at all,

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## UNDERWRITING

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the aggregate commission and discretionary incentive fee payable to the International Underwriters and the Hong Kong Underwriters, the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Global Offering are currently estimated to be about HK\$65.0 million in aggregate (based on an Offer Price of HK\$4.25 per Share, being the mid-point of the stated range of the Offer Price between HK\$3.80 and HK\$4.70 per Share, and on the assumption that the Over-allotment Option is not exercised) is to be borne by our Company. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission and discretionary incentive fee at the rate applicable to the International Offering and such commission will be paid to the Sole Global Coordinator and the relevant International Underwriters (but not the Hong Kong Underwriters).

### SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable set out in Rule 3A.07 of the Listing Rules. For further details, please refer to the section headed “Statutory and General Information—D. Other Information—4. Sole Sponsor” in Appendix V to this prospectus.

### UNDERWRITERS' INTERESTS IN OUR COMPANY

The Sole Global Coordinator and the other Underwriters will receive an underwriting commission. Particulars of these under underwriting commission and expenses are set out in the paragraph headed “—Underwriting Arrangements and Expenses” in this section for details.

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding in any member of our Group 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 Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

### MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

### 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.

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## UNDERWRITING

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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 our Shares, those activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in our 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 our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our 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 our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our 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 our 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 and Conditions of the Global Offering” in this prospectus. Such activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares and the volatility of the price of our 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 Stabilizing Manager 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.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. ABCI Capital Limited is the Sole Sponsor and the Sole Global Coordinator. ABCI Capital Limited, Haitong International Securities Company Limited, CMB International Capital Limited, CLSA Limited, CMBC Securities Company Limited, Fortune (HK) Securities Limited and China Everbright Securities (HK) Limited are the Joint Bookrunners. ABCI Securities Company Limited, Haitong International Securities Company Limited, CMB International Capital Limited, CLSA Limited, CMBC Securities Company Limited, Fortune (HK) Securities Limited, China Everbright Securities (HK) Limited, Futu Securities International (Hong Kong) Limited and Livermore Holdings Limited are the Joint Lead Managers.

The Global Offering comprises:

- (a) the Hong Kong Public Offering of 20,000,000 Shares (subject to reallocation) in Hong Kong as described in the paragraph headed “—The Hong Kong Public Offering” below; and
- (b) the International Offering of 180,000,000 Shares (subject to reallocation and the Over-allotment Option) outside the United States in reliance on Regulation S of the U.S. Securities Act as described in the paragraph headed “—The International Offering” below.

Up to 30,000,000 Shares may be offered pursuant to the exercise of the Over-allotment Option as described in the paragraph headed “—The International Offering” below.

Investors may either apply for the Offer Shares under the Hong Kong Public Offering, or indicate an interest, if qualified to do so for the Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors outside the United States in reliance on Regulation S of the U.S. Securities Act. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the paragraph headed “—Reallocation” below.



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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares initially offered

Our Company is initially offering 20,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The number of Shares offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.5% of the total Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised and without taking into account of any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price. Completion of the Hong Kong Public Offering is subject to the conditions as described in the paragraph headed “—Conditions of the Global Offering” below.

#### Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering referred to below) will be divided into two pools (subject to adjustment of odd lot size): pool A and pool B.

Pool A will comprise 10,000,000 Hong Kong Offer Shares and pool B will comprise 10,000,000 Hong Kong Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage of 1.0%, the SFC transaction levy of 0.0027% and the Stock



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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Exchange trading fee of 0.005%) of HK\$5.0 million or below will fall into pool A and all valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage of 1.0%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) of over HK\$5.0 million and up to the total value of pool B will fall into 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 undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only apply for Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only receive Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools will be rejected.

Multiple applications or suspected multiple applications and any application for more than 10,000,000 Hong Kong Offer Shares (being 50% of the initial number of Hong Kong Offer Shares) are liable to be rejected.

### **Reallocation**

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Assuming that the Over-allotment Option is not exercised, the allocation of the Offer Shares shall be subject to reallocation on the following basis:

- (a) where the International Offer Shares are fully subscribed or oversubscribed and:
  - (i) if the Hong Kong Offer Shares are undersubscribed, the Sole Global Coordinator (on behalf of the Underwriters) has the authority (but not the obligation) in its absolute discretion to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate to satisfy demand under the International Offering;
  - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed and the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then at the discretion of the Sole Global Coordinator (on behalf of the Underwriters), up to 20,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering to satisfy valid applications under the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 40,000,000

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Offer Shares and not more than double the initial allocation to the Hong Kong Public Offering, representing 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option);

- (iii) 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 the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 40,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 60,000,000 Offer Shares, representing 30% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option);
  - (iv) 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 the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 60,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the number of the Offer Shares available under the Hong Kong Public Offering will be increased to 80,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option); and
  - (v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 80,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the number of the Offer Shares available under the Hong Kong Public Offering will be increased to 100,000,000 Offer Shares, representing 50% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).
- (b) where the International Offer Shares are undersubscribed and:
- (i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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- (ii) if the Hong Kong Offer Shares are oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 20,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Share available under the Hong Kong Public Offering will be increased to 40,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

In addition, the Sole Global Coordinator (on behalf of the Underwriters) may reallocate the Offer Shares from the International Offering to the Hong Kong Public Offering. In accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 40,000,000 Offer Shares).

In the event of a reallocation of the Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances under paragraphs (a)(ii), (a)(iii), (a)(iv), (a)(v) or (b)(ii) above, the number of Offer Shares allocated to the International Offering will be correspondingly reduced.

In the event of a reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering in the circumstances under paragraphs (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK\$3.80 per Offer Share) stated in this prospectus.

### **Applications**

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public 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 that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) International Offer Shares under the International Offering.

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## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

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The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$4.70 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed “—Pricing of the Global Offering” below, is less than the maximum Offer Price of HK\$4.70 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

### **THE INTERNATIONAL OFFERING**

#### **Number of Offer Shares offered**

Subject to reallocation as described above, the International Offering will consist of an offering of initially 180,000,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

#### **Allocation**

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the paragraph headed “—Pricing of the Global Offering” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

### **Reallocation**

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in the paragraph headed “—The Hong Kong Public Offering” above, 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.

### **Over-allotment Option**

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the International Underwriters exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at any time from the Listing Date until the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to 30,000,000 additional Offer Shares, representing 15% of the number of Offer Shares initially available under the Global Offering, at the same price per Offer Share under the International Offering to cover, among others, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the total number of Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made. The Offer Shares to be issued pursuant to the exercise of the Over-allotment Option will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this prospectus.

The Sole Global Coordinator and we may cover any over-allocations by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part or by a combination of these means. 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 30,000,000 Shares, representing 15% of the Shares available under the Global Offering.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### Stock Borrowing Agreement

ABCI Securities Company Limited, as the Stabilizing Manager, or any person acting for it may choose to borrow Shares from Golden Rose under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercise of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(i)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with Golden Rose will only be effected by the Stabilizing Manager for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering;
- the maximum number of Shares borrowed from Golden Rose under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to Golden Rose or its nominees 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 date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from time to time agree in writing;
- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and
- no payment will be made to Golden Rose by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

### 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 securities in the secondary market, during a specified period of time, inter alia, to retard and, if possible, prevent, a decline in the market price of the securities below the Offer Price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Shares for a limited period after the Listing Date at a level higher than that which might otherwise prevail

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. “Covered” short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Shares or purchasing Shares in the open market. In determining the source of the Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of Shares in the open market as compared to the price at which they may purchase additional Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of the Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action, which if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Shares that may be over-allocated will not exceed the number of the Shares that may be issued under the Over-allotment Option, namely, 30,000,000 Offer Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

- (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares;
- (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price of the Shares;
- (c) subscribing, or agreeing to subscribe, for the Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;
- (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;
- (e) selling or agreeing to sell any Shares to liquidate any position established as a result of those purchases; and
- (f) offering or attempting to do anything described in (b), (c), (d) and (e) above.



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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. Prospective applications for investors in the Offer Shares should note that:

- (a) as a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the Shares;
- (b) the size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain;
- (c) liquidation of any such long position by the Stabilizing Manager and selling in the open market may lead to a decline in the market price of the Shares;
- (d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period, which begins on the Listing Date, and is expected to expire on Sunday, June 13, 2021, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and their market price, could fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market;
- (e) any stabilizing action taken by the Stabilizing Manager, 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 stabilizing period; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at a price at or below the Offer Price and therefore at or below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilizing period.

### PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.



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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Friday, May 14, 2021 and in any event on or before Tuesday, May 18, 2021, by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$4.70 per Share and is expected to be not less than HK\$3.80 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus.**

### **Reduction in the Offer Price range and number of Offer Shares**

The Sole Global Coordinator, on behalf of the Underwriters, may, where considered appropriate, based on the level of indications of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of our Company at [newhopeservice.com.cn](http://newhopeservice.com.cn) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and require investors who had applied for the Hong Kong Offer Shares to positively confirm their applications for Offer Shares in light of the change in the number of Offer Shares and/or the Offer Price. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the number of Offer Shares will not

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## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

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be reduced and the Offer Price, if agreed upon with our Company and the Sole Global Coordinator (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If applications for the Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Sole Global Coordinator may at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

The 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 allocation in the Hong Kong Public Offering are expected to be announced on Monday, May 24, 2021 through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares—11. Publication of results” in this prospectus.

### **HONG KONG UNDERWRITING AGREEMENT**

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting” in this prospectus.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (i) the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares to be offered pursuant to the Global Offering as mentioned herein (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme) and such approval not having been withdrawn;
- (ii) the Offer Price having been agreed between our Company and the Sole Global Coordinator (on behalf of the Underwriters) on the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements.

In each case on or before the dates and times specified in the respective 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 which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (on behalf of the Underwriters) on or before Tuesday, May 18, 2021, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of our Company at [newhopeservice.com.cn](http://newhopeservice.com.cn) on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares” in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

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## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

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Share certificates for the Offer Shares are expected to be issued on Monday, May 24, 2021, but will only become valid certificates of title at 8:00 a.m. on Tuesday, May 25, 2021 provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination as described in the section headed “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination” in this prospectus has not been exercised at or before that time.

### **SHARES WILL BE ELIGIBLE FOR CCASS**

Subject to the granting of the approval for 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 commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

### **DEALING ARRANGEMENTS**

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, May 25, 2021, it is expected that dealings in our Shares on the Stock Exchange will commence at 9: 00 a.m. on Tuesday, May 25, 2021. The Shares will be traded in board lots of 1,000 Shares. The stock code of the Shares will be 3658.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 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; or
- apply online via the **White Form eIPO** service at [www.eipo.com.hk](http://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.

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its sole discretion and on any conditions as it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### (a) 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](http://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.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### (b) Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, May 11, 2021 until 12:00 noon on Friday, May 14, 2021 from:

- any of the following offices of the Hong Kong Underwriters:

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

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

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

**CLSA Limited** at 18/F One Pacific Place, 88 Queensway, Hong Kong

**CMBC Securities Company Limited** at 45/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong

**Fortune (HK) Securities Limited** at 4102-6, 41st Floor, Cosco Tower, Nos 183 Queen's Road Central, Hong Kong

**China Everbright Securities (HK) Limited** at 12/F, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong

**Futu Securities International (Hong Kong) Limited** at Unit C1-2 13/F, United Centre, No. 95 Queensway Admiralty, Hong Kong

**Livermore Holdings Limited** at Unit 1214A 12/F, Tower II Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Kowloon, Hong Kong

- any of the designated branches of the following receiving bank:

| District               | Branch Name         | Address   |
|------------------------|---------------------|---|
| Hong Kong Island . . . | Head Office         | 45 Des Voeux Road Central                       |
|                        | Kennedy Town Branch | 28 Catchick Street                              |
| Kowloon . . . . .      | Mongkok Branch      | B/F, CMB Wing Lung Bank Centre, 636 Nathan Road |

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, May 11, 2021 until 12:00 noon on Friday, May 14, 2021 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

### (c) Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "CMB WING LUNG (NOMINEES) LIMITED—NEW HOPE SERVICE 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 11, 2021 – 9:00 a.m. to 5:00 p.m.**  
**Wednesday, May 12, 2021 – 9:00 a.m. to 5:00 p.m.**  
**Thursday, May 13, 2021 – 9:00 a.m. to 5:00 p.m.**  
**Friday, May 14, 2021 – 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 14, 2021, the last application day or such later time as described in the subsection headed "—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" below in this section.

## 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or its agents or nominees), as agent(s) of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Cayman Islands Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and 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;



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not participated in the International Offering nor 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;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, 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 an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) or deposit any Share certificate(s) into CCASS and/or to send 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 our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (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.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 5. APPLYING THROUGH WHITE FORM eIPO SERVICE

#### (a) General

Individuals who meet the criteria in the subsection headed “—2. Who Can Apply” in this section, may apply through the **White Form eIPO** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

#### (b) Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, May 11, 2021 until 11:30 a.m. on Friday, May 14, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, May 14, 2021 or such later time under the subsection headed “—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this section.

#### (c) No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different 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 the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### (d) Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### (e) Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “New Hope Service Holdings Limited” **White Form eIPO** application submitted via [www.eipo.com.hk](http://www.eipo.com.hk) to support sustainability.

## 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

### (a) General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**  
Customer Service Centre  
1/F, One & Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and our Hong Kong Share Registrar.

### (b) 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 International 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 authorised to give those instructions as their agent;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- confirm that you understand that our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our 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 our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its 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 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 our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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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 our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance 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.

### (c) Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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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 authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### (d) 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.

### (e) Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates<sup>(1)</sup>:

|                                |                                  |
|--------------------------------|----------------------------------|
| <b>Tuesday, May 11, 2021</b>   | <b>– 9:00 a.m. to 8:30 p.m.</b>  |
| <b>Wednesday, May 12, 2021</b> | <b>– 8:00 a.m. to 8:30 p.m.</b>  |
| <b>Thursday, May 13, 2021</b>  | <b>– 8:00 a.m. to 8:30 p.m.</b>  |
| <b>Friday, May 14, 2021</b>    | <b>– 8:00 a.m. to 12:00 noon</b> |

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*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.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, May 11, 2021 until 12:00 noon on Friday, May 14, 2021 (24 hours daily except on Friday, May 14, 2021, being the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, May 14, 2021, the last application day or such later time as described in the subsection headed “—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” below in this section.

### (f) 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



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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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.

**(g) Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

**(h) Personal Data**

The section of the Application Form “Personal Data” applies to any personal data held by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Share Registrar, the receiving bank, 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 Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, May 14, 2021.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Hong Kong Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), 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 refer to the section headed “Structure and Conditions of the Global Offering—Pricing of the Global Offering” in this prospectus.

### **10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS**

The application lists will not open if there is/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 14, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, May 14, 2021 or if there is/are a 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” in this prospectus, an announcement will be made in such event.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, May 24, 2021 on our Company's website at [newhopeservice.com.cn](http://newhopeservice.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://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 our Company's website at [newhopeservice.com.cn](http://newhopeservice.com.cn) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 8:00 a.m. on Monday, May 24, 2021;
- from the designated results of allocations website at [www.iporesults.com.hk](http://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 Monday, May 24, 2021 to 12:00 midnight on Sunday, May 30, 2021;
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Monday, May 24, 2021, Tuesday, May 25, 2021, Wednesday, May 26, 2021 and Thursday, May 27, 2021;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, May 24, 2021, to Wednesday, May 26, 2021 at the designated receiving bank branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

**(a) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through 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 our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (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.

**(b) If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(c) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- 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 our Company of that longer period within three weeks of the closing date of the application lists.

**(d) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk);
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- 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\$4.70 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Global Offering set out in the section headed "Structure and Conditions of the Global Offering—Conditions of the Global Offering" in this prospectus are not fulfilled 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 Monday, May 24, 2021.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 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).

No temporary document of title will be issued in respect of our 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 favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and 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 Monday, May 24, 2021. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, May 25, 2021 provided that the Global Offering has become unconditional and the right of termination described in “Underwriting” 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.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Personal Collection

#### *(a) If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Hong Kong Offer Shares on a **WHITE** Application Form 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, May 24, 2021 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop.

Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

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 on a **WHITE** Application Form, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, May 24, 2021, by ordinary post and at your own risk.

#### *(b) If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for the collection of 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 Monday, May 24, 2021, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your 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 Monday, May 24, 2021, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

- *If you apply as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, May 24, 2021 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

***(c) If you apply through the 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 our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, May 24, 2021, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates, e-Refund payment instructions or 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.

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 Monday, May 24, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be 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.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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*(d) If you apply via Electronic Application Instructions to HKSCC*

*Allocation of Hong Kong Offer Shares*

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of 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 Monday, May 24, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Monday, May 24, 2021. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, May 24, 2021 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 Monday, May 24, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- 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 Monday, May 24, 2021.

### 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-56, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



## **ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NEW HOPE SERVICE HOLDINGS LIMITED AND ABCI CAPITAL LIMITED**

### **Introduction**

We report on the historical financial information of New Hope Service Holdings Limited (“the Company”) and its subsidiaries (together, “the Group”) set out on pages I-4 to I-56, which comprises the combined statements of financial position of the Group as at 31 December 2018, 2019 and 2020, the statement of financial position of the Company as at 31 December 2020 and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows, for each of the years ended 31 December 2018, 2019 and 2020 (the “Relevant Periods”), and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-56 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 11 May 2021 (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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### **Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2018, 2019 and 2020 and the Company's financial position as at 31 December 2020, and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 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 and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

*Dividends*

We refer to Note 25(c) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

*No statutory financial statements for the Company*

No statutory financial statements have been prepared for the Company since its incorporation.

**KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

11 May 2021

## HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

**Combined statements of profit or loss and other comprehensive income**

(Expressed in Renminbi ("RMB"))

|   | Note | Years ended 31 December |           |           |
|---|------|-------------------------|-----------|-----------|
|   |      | 2018                    | 2019      | 2020      |
|   |      | RMB'000                 | RMB'000   | RMB'000   |
| Revenue . . . . .   | 4    | 257,964                 | 380,543   | 588,263   |
| Cost of sales . . . . .   |      | (148,035)               | (221,039) | (340,891) |
| <b>Gross profit</b> . . . . .                                       |      | 109,929                 | 159,504   | 247,372   |
| Other net (loss)/income . . . . .                                   | 5    | (1,183)                 | 7,122     | 10,258    |
| Selling expenses . . . . .  |      | (1,254)                 | (3,427)   | (3,174)   |
| Administrative expenses . . . . .                                   |      | (55,155)                | (82,201)  | (119,401) |
| Expected credit loss on financial assets . . . . .                  |      | (294)                   | (1,412)   | (251)     |
| <b>Profit from operations</b> . . . . .                             |      | 52,043                  | 79,586    | 134,804   |
| Finance expenses . . . . .  |      | (1,821)                 | (47,555)  | (45,230)  |
| Finance income . . . . .  |      | 1,508                   | 44,510    | 42,525    |
| Finance costs, net . . . . .  | 6(a) | (313)                   | (3,045)   | (2,705)   |
| Share of profits less losses of an associate . . . . .              |      | 55                      | 616       | 499       |
| <b>Profit before taxation</b> . . . . .                             |      | 51,785                  | 77,157    | 132,598   |
| Income tax . . . . .  | 7(a) | (10,727)                | (13,116)  | (22,828)  |
| <b>Profit and total comprehensive income for the year</b> . . . . . |      | 41,058                  | 64,041    | 109,770   |
| <b>Profit attributable to:</b>                                      |      |                         |           |           |
| Equity shareholders of the Company . . . . .                        |      | 41,094                  | 63,933    | 109,770   |
| Non-controlling interests . . . . .                                 |      | (36)                    | 108       | –         |
| <b>Profit and total comprehensive income for the year</b> . . . . . |      | 41,058                  | 64,041    | 109,770   |
| Earnings per share (RMB) . . . . .                                  | 10   | N/A                     | N/A       | N/A       |

The accompanying notes form part of the Historical Financial Information.

**Combined statements of financial position***(Expressed in RMB)*

|  | Note  | At 31 December |           |         |
|--|-------|----------------|-----------|---------|
|  |       | 2018           | 2019      | 2020    |
|  |       | RMB'000        | RMB'000   | RMB'000 |
| <b>Non-current assets</b>                              |       |                |           |         |
| Investment properties . . . . .                        | 11    | 29,470         | 32,273    | 71,680  |
| Property, plant and equipment. . . . .                 | 12    | 7,436          | 12,466    | 17,098  |
| Intangible assets . . . . .                            | 13    | 3,466          | 4,036     | 5,799   |
| Interests in an associate . . . . .                    | 14    | 1,256          | 1,757     | 1,643   |
| Other financial assets . . . . .                       |       | 30             | 30        | 30      |
| Deferred tax assets . . . . .                          | 24(b) | 1,462          | 4,629     | 7,386   |
|  |       | 43,120         | 55,191    | 103,636 |
| <b>Current assets</b>                                  |       |                |           |         |
| Inventories . . . . .                                  |       | 83             | 43        | 299     |
| Due from related companies. . . . .                    | 28(c) | 339,088        | 1,103,462 | 173,402 |
| Prepayments, deposits and other receivables . . . . .  | 15    | 21,490         | 26,653    | 38,122  |
| Trade receivables . . . . .                            | 16    | 59,153         | 83,130    | 163,103 |
| Cash and cash equivalents . . . . .                    | 17    | 117,065        | 49,347    | 112,614 |
|  |       | 536,879        | 1,262,635 | 487,540 |
| <b>Current liabilities</b>                             |       |                |           |         |
| Trade payables . . . . .                               | 18    | 18,128         | 24,452    | 43,653  |
| Other payables and accruals. . . . .                   | 19    | 86,654         | 133,637   | 172,175 |
| Contract liabilities. . . . .                          | 20    | 66,809         | 88,620    | 161,706 |
| Due to related companies . . . . .                     | 28(c) | 16,884         | 39,724    | 43      |
| Current taxation . . . . .                             | 24(a) | 1,100          | 4,604     | 12,174  |
| Lease liabilities . . . . .                            | 21    | 5,160          | 6,215     | 7,245   |
| Current portion of long-term borrowings . . . . .      | 22    | –              | 75,085    | –       |
|  |       | 194,735        | 372,337   | 396,996 |
| <b>Net current assets</b> . . . . .                    |       | 342,144        | 890,298   | 90,544  |
| <b>Total assets less current liabilities</b> . . . . . |       | 385,264        | 945,489   | 194,180 |

The accompanying notes form part of the Historical Financial Information.



|  | Note  | At 31 December        |                       |                       |
|--|-------|-----------------------|-----------------------|-----------------------|
|  |       | 2018                  | 2019                  | 2020                  |
|  |       | RMB'000               | RMB'000               | RMB'000               |
| <b>Non-current assets</b>  |       |                       |                       |                       |
| <b>Non-current liabilities</b>   |       |                       |                       |                       |
| Long-term borrowings . . . . .   | 22    | –                     | 509,110               | –                     |
| Lease liabilities . . . . .  | 21    | 16,516                | 12,446                | 46,354                |
| Deferred tax liabilities . . . . .   | 24(b) | –                     | 699                   | 2,528                 |
|  |       | <u>16,516</u>         | <u>522,255</u>        | <u>48,882</u>         |
| <b>NET ASSETS . . . . .</b>  |       | <u><b>368,748</b></u> | <u><b>423,234</b></u> | <u><b>145,298</b></u> |
| <b>CAPITAL AND RESERVES</b>  |       |                       |                       |                       |
| Share capital . . . . .  | 25    | –                     | –                     | *                     |
| Reserves . . . . .   | 25    | <u>369,077</u>        | <u>423,234</u>        | <u>145,298</u>        |
| <b>Total equity attributable to equity<br/>shareholders of the Company . . . . .</b> |       | <b>369,077</b>        | <b>423,234</b>        | <b>145,298</b>        |
| <b>Non-controlling interests . . . . .</b>   |       | <u>(329)</u>          | <u>–</u>              | <u>–</u>              |
| <b>TOTAL EQUITY . . . . .</b>  |       | <u><b>368,748</b></u> | <u><b>423,234</b></u> | <u><b>145,298</b></u> |

\* The balance represents an amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

**Statement of financial position of the Company***(Expressed in RMB)*

|                                      | <b>At</b>          |
|--------------------------------------|--------------------|
|                                      | <b>31 December</b> |
|                                      | <b>2020</b>        |
|                                      | <i>RMB'000</i>     |
| <b>Non-current assets</b>            |                    |
| Investment in a subsidiary . . . . . | *                  |
| <b>Current assets</b>                |                    |
| Other receivables . . . . .          | *                  |
| <b>Current liabilities</b>           |                    |
| Other payables . . . . .             | *                  |
| <b>NET ASSETS</b> . . . . .          | *                  |
| <b>CAPITAL AND RESERVES</b>          |                    |
| Share capital . . . . .              | *                  |
| <b>TOTAL EQUITY</b> . . . . .        | *                  |

\* The balance represents an amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

**Combined statements of changes in equity***(Expressed in RMB)*

|  | Note  | Attributable to equity shareholders of the Company |               |                 |                  |                  |         | Non-controlling interests | Total equity |
|--|-------|--|---------------|-----------------|------------------|------------------|---------|---------------------------|--------------|
|  |       | Share capital                                      | Share premium | Capital reserve | Statutory        |                  | Total   |                           |              |
|  |       |  |               |                 | surplus reserves | Retained profits |         |                           |              |
|  |       | RMB'000  | RMB'000       | RMB'000         | RMB'000          | RMB'000          | RMB'000 | RMB'000                   |              |
| <b>Balance at 1 January 2018</b> . . . . .   |       | -  | -             | 5,000           | 2,500            | 307,489          | 314,989 | (293)                     | 314,696      |
| <b>Changes in equity for 2018:</b>   |       |  |               |                 |                  |                  |         |                           |              |
| Profit and total comprehensive income for the year . . . . .                           |       | -  | -             | -               | -                | 41,094           | 41,094  | (36)                      | 41,058       |
| Equity settled share-based transactions . . . . .                                      | 23    | -  | -             | 12,994          | -                | -                | 12,994  | -                         | 12,994       |
| <b>Balance at 31 December 2018 and 1 January 2019</b> . . . . .                        |       | -  | -             | 17,994          | 2,500            | 348,583          | 369,077 | (329)                     | 368,748      |
| <b>Changes in equity for 2019:</b>   |       |  |               |                 |                  |                  |         |                           |              |
| Profit and total comprehensive income for the year . . . . .                           |       | -  | -             | -               | -                | 63,933           | 63,933  | 108                       | 64,041       |
| Appropriation to statutory reserve . . . . .   |       | -  | -             | -               | 4,565            | (4,565)          | -       | -                         | -            |
| Conversion of retained earnings into share capital of a subsidiary . . . . .           |       | -  | -             | 45,000          | -                | (45,000)         | -       | -                         | -            |
| Liquidation of a subsidiary . . . . .  |       | -  | -             | -               | -                | -                | -       | 221                       | 221          |
| Consideration paid for business combinations under common control (note (i)) . . . . . |       | -  | -             | -               | -                | (1,312)          | (1,312) | -                         | (1,312)      |
| Dividends declared by New Hope Property Service . . . . .                              | 25(c) | -  | -             | -               | -                | (8,464)          | (8,464) | -                         | (8,464)      |
| <b>Balance at 31 December 2019</b> . . . . .   |       | -  | -             | 62,994          | 7,065            | 353,175          | 423,234 | -                         | 423,234      |

The accompanying notes form part of the Historical Financial Information.

|   | Attributable to equity shareholders of the Company |          |          |               |               |               |                |             |                |
|---|--|----------|----------|---------------|---------------|---------------|----------------|-------------|----------------|
|   | Note   | Share    | Share    | Capital       | Statutory     | Retained      | Total          | Non-        | Total          |
|   |  | capital  | premium  | reserve       | surplus       | profits       |                | controlling |                |
|   | RMB'000  | RMB'000  | RMB'000  | RMB'000       | RMB'000       | RMB'000       | RMB'000        | RMB'000     |                |
| Balance at 1 January 2020 . . . . .   |  | -        | -        | 62,994        | 7,065         | 353,175       | 423,234        | -           | 423,234        |
| <b>Changes in equity for 2020:</b>  |  |          |          |               |               |               |                |             |                |
| Profit and total comprehensive income for the year . . . . .                            |  | -        | -        | -             | -             | 109,770       | 109,770        | -           | 109,770        |
| Issue of shares . . . . .   |  | *        | -        | -             | -             | -             | *              | -           | *              |
| Equity settled share-based payments . . . . .   | 23   | -        | -        | 7,357         | -             | -             | 7,357          | -           | 7,357          |
| Appropriation to statutory reserve . . . . .  |  | -        | -        | -             | 9,537         | (9,537)       | -              | -           | -              |
| Consideration paid for business combinations under common control (note (ii)) . . . . . |  | -        | -        | -             | -             | (79,350)      | (79,350)       | -           | (79,350)       |
| Dividends declared by New Hope Property Service . . . . .                               | 25(c)  | -        | -        | -             | -             | (315,713)     | (315,713)      | -           | (315,713)      |
| <b>Balance at 31 December 2020 . . . . .</b>  |  | <b>*</b> | <b>-</b> | <b>70,351</b> | <b>16,602</b> | <b>58,345</b> | <b>145,298</b> | <b>-</b>    | <b>145,298</b> |

\* The balance represents an amount less than RMB1,000.

*Notes:*

- (i) In September 2019, Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司), a subsidiary of the Company, acquired 100% equity interests in Yunnan Dashanghui Commercial Development Co., Ltd. (雲南大商匯商業發展有限公司), Yunnan Shangding Advertising Co., Ltd. (雲南商鼎廣告有限公司) and Nanning Huijin Commercial Management Co., Ltd. (南寧匯金商業管理有限公司) at a total consideration of RMB1,312,000 from Sichuan New Hope Property Development Co., Ltd. (四川新希望房地產開發有限公司) (“New Hope Property Development”), the immediate parent company of New Hope Property Service Group Co., Ltd. (新希望物業服務集團有限公司) (“New Hope Property Service”).
- (ii) In August 2020, New Hope Property Service Group Co., Ltd. (新希望物業服務集團有限公司), a subsidiary of the Company, acquired 100% of Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) at a total consideration of RMB79,350,000 from New Hope Property Development, the immediate parent company of New Hope Property Service.

The accompanying notes form part of the Historical Financial Information.

**Combined statements of cash flows***(Expressed in RMB)*

|   | Note  | Years ended 31 December |                  |                  |
|---|-------|-------------------------|------------------|------------------|
|   |       | 2018                    | 2019             | 2020             |
|   |       | RMB'000                 | RMB'000          | RMB'000          |
| <b>Operating activities</b>   |       |                         |                  |                  |
| Cash generated from operations . . . . .                                    | 17(b) | 74,171                  | 125,043          | 181,384          |
| Income taxes paid . . . . .   | 24(a) | (15,433)                | (12,080)         | (16,186)         |
| <b>Net cash generated from operating activities . . . . .</b>               |       | <b>58,738</b>           | <b>112,963</b>   | <b>165,198</b>   |
| <b>Investing activities</b>   |       |                         |                  |                  |
| Interest received . . . . .   |       | 1,508                   | 1,404            | 983              |
| Dividends received from an associate . . . . .                              |       | 141                     | 115              | 613              |
| Proceeds on disposal of property, plant and equipment . . . . .             |       | –                       | –                | (29)             |
| Purchases of property, plant and equipment . . . . .                        |       | (11,899)                | (6,220)          | (8,420)          |
| Purchases of intangible assets . . . . .                                    |       | (1,081)                 | (1,272)          | (2,547)          |
| Purchase of other financial assets . . . . .                                |       | (30)                    | –                | –                |
| Provision of loans to related parties . . . . .                             |       | –                       | (600,000)        | –                |
| Net cash outflow from disposal of subsidiaries . . . . .                    |       | –                       | –                | (521)            |
| (Advances to)/repayment of advances to related parties . . . . .            |       | (68,852)                | (118,682)        | 298,428          |
| <b>Net cash (used in)/generated from investing activities . . . . .</b>     |       | <b>(80,213)</b>         | <b>(724,655)</b> | <b>288,507</b>   |
| <b>Financing activities</b>   |       |                         |                  |                  |
| Proceeds for subscription of incentive shares . . . . .                     | 23    | –                       | –                | 7,357            |
| Proceeds from long-term borrowings . . . . .                                |       | –                       | 600,000          | –                |
| Repayment of long-term borrowings . . . . .                                 |       | –                       | (26,860)         | (50,120)         |
| Dividends paid by New Hope Property Service . . . . .                       | 25(c) | –                       | (8,464)          | (315,713)        |
| Capital element of leases rentals paid . . . . .                            | 17(c) | (4,827)                 | (6,725)          | (7,448)          |
| Interest element of leases rentals paid . . . . .                           | 17(c) | (1,026)                 | (869)            | (802)            |
| Interests paid . . . . .  |       | –                       | (34,638)         | (45,099)         |
| Payments for the acquisition of subsidiaries under common control . . . . . |       | –                       | (1,311)          | (79,350)         |
| Advances from related parties . . . . .                                     | (i)   | 3,839                   | 22,841           | 102,412          |
| Listing expense paid . . . . .  |       | –                       | –                | (1,675)          |
| <b>Net cash (used in)/generated from financing activities . . . . .</b>     |       | <b>(2,014)</b>          | <b>543,974</b>   | <b>(390,438)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents . . . . .</b>       |       | <b>(23,489)</b>         | <b>(67,718)</b>  | <b>63,267</b>    |
| <b>Cash and cash equivalents at 1 January . . . . .</b>                     | 17(a) | <b>140,554</b>          | <b>117,065</b>   | <b>49,347</b>    |
| <b>Cash and cash equivalents at 31 December . . . . .</b>                   | 17(a) | <b>117,065</b>          | <b>49,347</b>    | <b>112,614</b>   |

*Note:*

- (i) During the year ended 31 December 2020, the Group entered into a debt expiation arrangement with New Hope Property Development and its subsidiaries to offset other receivables due from the latter with the long-term borrowings and other payables with a total amount of RMB776,258,000.

The accompanying notes form part of the Historical Financial Information.

**NOTES TO THE HISTORICAL FINANCIAL INFORMATION****1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**

New Hope Service Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 5 November 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business operations since the date of its incorporation save for the Group’s reorganisation mentioned below. The Company and its subsidiaries (together, “the Group”) are principally engaged in property management services, value-added services to non-property owners, commercial operational services and lifestyle services (the “Listing Business”) in the People’s Republic of China (the “PRC”).

Pursuant to the Group’s reorganisation completed on 8 January 2021 (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group. Prior to the incorporation of the Company, the Listing Business were carried out by New Hope Property Service Group Co., Ltd. and its subsidiaries (together “New Hope Property Service Group”) and Sichuan New Hope Commercial Management Co., Ltd. and its subsidiaries (together “New Hope Commercial Management Group”). During the Relevant Periods, the controlling shareholder of New Hope Property Service Group and New Hope Commercial Management Group is New Hope Property Development. To rationalise the corporate structures in preparation of the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group underwent the Reorganisation as detailed in the section headed “History, Reorganization and Corporate Structure” in the Prospectus.

As part of the Reorganisation, New Hope Property Service Group acquired 100% equity interests in Sichuan New Hope Commercial Management Co., Ltd. held by New Hope Property Development at a total consideration of RMB79,350,000 on 30 August 2020, and the Company, either on its own or through its wholly owned subsidiaries, acquired 97% equity interests in New Hope Property Service Group at a total cash consideration of RMB115,097,000 and the remaining 3% equity interests by allotting 300 shares of the Company to August Mist Limited in January 2021. Upon completion of the Reorganisation, the Company became the holding company of the Group. As New Hope Property Service Group and New Hope Commercial Management Group were under common control before and after the Reorganisation and that control was not transitory and consequently, the acquisition of New Hope Commercial Management Group by New Hope Property Service Group has been accounted for using the merger basis of accounting with the assets and liabilities of New Hope Commercial Management Group and its subsidiaries combined using the existing book values from the perspective of New Hope Property Development. In addition, there were no material changes in the economic substance of the ownership of New Hope Property Service Group and the business of the Group after inserting the Company and its wholly owned subsidiaries, all of which are newly formed entities with no substantive operations, as new holding companies of New Hope Property Service Group. Consequently, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of New Hope Property Service Group.

The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group include the financial performance and cash flows of the companies now comprising the Group for the Relevant Periods as if the current group structure had been in existence and remained unchanged throughout the Relevant Periods (or where a company now comprising the Group was incorporated or established or first under common control at a date later than 1 January 2018, for the period from the date of incorporation or establishment or becoming under common control, where this is a shorter period). The combined statements of financial position of the Group as at 31 December 2018, 2019 and 2020 have been prepared to present the state of affairs of the companies now comprising of the Group as at those dates as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation, establishment or becoming under common control, where applicable.

Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at the date of this report, no audited financial statements have been prepared for the Company. Where audited financial statement for the years ended 31 December 2018, 2019 and 2020 have been prepared for certain entities comprising the Group, the financial statements were prepared in accordance with the relevant accounting rules and regulations applicable to those entities in the countries in which they were incorporated and/or established.

As at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

| Company names  | Place and date of incorporation/ establishment | Particulars of registered and paid-up capital | Proportion of ownership interest |                      | Principal activities | Name of statutory auditor  |
|--|--|---|----------------------------------|----------------------|----------------------|--|
|  |  |   | Held by the Company              | Held by a subsidiary |                      |  |
| 新希望物業服務集團有限公司<br>New Hope Property Service Group Co., Ltd.<br>(notes (ii) and (iii)) . . . .   | The PRC/<br>26 Jan 2010                        | RMB53,304,900/<br>RMB53,304,900               | –                                | 100%                 | Property management  | Si Chuan Hua Xin (Group) Certified Public Accountants (LLP) 四川華信(集團)會計師事務所(特殊普通合夥) for the years ended 31 December 2018 and 2019 |
| 南寧匯商物業服務有限公司<br>Nanning Huishang Property Service Co., Ltd.<br>(notes (i) and (iii)) . . . .   | The PRC/<br>12 Feb 2011                        | RMB5,000,000/<br>RMB5,000,000                 | –                                | 100%                 | Property management  | Si Chuan Hua Xin (Group) Certified Public Accountants (LLP) 四川華信(集團)會計師事務所(特殊普通合夥) for the years ended 31 December 2018 and 2019 |
| 瀋陽新希望物業服務有限公司<br>Shenyang New Hope Property Service Co., Ltd.<br>(notes (i) and (iii)) . . . . | The PRC/<br>17 Jun 2010                        | RMB500,000/<br>RMB500,000                     | –                                | 100%                 | Property management  | Si Chuan Hua Xin (Group) Certified Public Accountants (LLP) 四川華信(集團)會計師事務所(特殊普通合夥) for the years ended 31 December 2018 and 2019 |
| 大連新希望物業服務有限公司<br>Dalian New Hope Property Service Co., Ltd.<br>(notes (i) and (iii)) . . . .   | The PRC/<br>26 Oct 2009                        | RMB2,000,000/<br>RMB2,000,000                 | –                                | 100%                 | Property management  | Si Chuan Hua Xin (Group) Certified Public Accountants (LLP) 四川華信(集團)會計師事務所(特殊普通合夥) for the years ended 31 December 2018 and 2019 |
| 雲南新希望物業服務有限公司<br>Yunnan New Hope Property Co., Ltd.<br>(notes (i) and (iii)) . . . .           | The PRC/<br>22 Sep 2004                        | RMB5,000,000/<br>RMB5,000,000                 | –                                | 100%                 | Property management  | Si Chuan Hua Xin (Group) Certified Public Accountants (LLP) 四川華信(集團)會計師事務所(特殊普通合夥) for the years ended 31 December 2018 and 2019 |
| 蘇州鼎晟物業管理有限公司<br>Suzhou Dingsheng Property Management Co., Ltd<br>(notes (i) and (iii)) . . . . | The PRC/<br>19 Apr 2018                        | RMB1,000,000/<br>RMB1,000,000                 | –                                | 100%                 | Property management  | Si Chuan Hua Xin (Group) Certified Public Accountants (LLP) 四川華信(集團)會計師事務所(特殊普通合夥) for the years ended 31 December 2018 and 2019 |

| Company names   | Place and date of incorporation/ establishment | Particulars of registered and paid-up capital | Proportion of ownership interest |                      | Principal activities  | Name of statutory auditor  |
|---|--|---|----------------------------------|----------------------|-----------------------|--|
|   |  |   | Held by the Company              | Held by a subsidiary |                       |  |
| 四川新希望商業管理有限公司<br>Sichuan New Hope<br>Commercial Management<br>Co., Ltd. (notes (i) and (iii)) . . . . .   | The PRC/<br>01 Mar 2017                        | RMB2,000,000/<br>RMB2,000,000                 | -                                | 100%                 | Commercial management | Si Chuan Hua Xin (Group) Certified Public Accountants (LLP) 四川華信(集團)會計師事務所(特殊普通合夥) for the years ended 31 December 2018 and 2019 |
| 雲南商鼎廣告有限公司<br>Yunnan Shangding<br>Advertising Co., Ltd.<br>(notes (i) and (iii)) . . . . .                | The PRC/<br>25 Nov 2009                        | RMB10,000,000/<br>RMB10,000,000               | -                                | 100%                 | Advertisement design  | Si Chuan Hua Xin (Group) Certified Public Accountants (LLP) 四川華信(集團)會計師事務所(特殊普通合夥) for the years ended 31 December 2018 and 2019 |
| 雲南大商匯商業發展有限公司<br>Yunnan Dashanghui<br>Commercial Development<br>Co., Ltd. (notes (i) and (iii)) . . . . . | The PRC/<br>24 Sep 2004                        | RMB40,000,000/<br>RMB40,000,000               | -                                | 100%                 | Commercial management | Si Chuan Hua Xin (Group) Certified Public Accountants (LLP) 四川華信(集團)會計師事務所(特殊普通合夥) for the years ended 31 December 2018 and 2019 |
| 南寧匯金商業管理有限公司<br>Nanning Huijin<br>Commercial Management<br>Co., Ltd. (notes (i) and (iii)) . . . . .      | The PRC/<br>13 Aug 2009                        | RMB5,000,000/<br>RMB5,000,000                 | -                                | 100%                 | Commercial management | Si Chuan Hua Xin (Group) Certified Public Accountants (LLP) 四川華信(集團)會計師事務所(特殊普通合夥) for the years ended 31 December 2018 and 2019 |

*Notes:*

- (i) These entities were registered as limited liability companies under the laws and regulations in the PRC.
- (ii) This entity was registered as a foreign-invested enterprise under the laws and regulations in the PRC.
- (iii) The English translation of the names are for identification only. The official names of these entities are in Chinese.

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”). Further details of the significant accounting policies adopted are set out in Note 2.



The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs throughout the Relevant Periods, including IFRS 16, *Leases*, but except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2020. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 January 2020 are set out in Note 31.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

## **2 SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of measurement**

The Historical Financial Information is prepared in RMB, rounded to the nearest thousand, except as otherwise stated. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- *investment property (see note 2(f))*

### **(b) Use of estimates and judgements**

The preparation of the Historical Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

### **(c) Subsidiaries and non-controlling interests**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the combined statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the combined statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within combined equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

#### **(d) Associates**

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the combined financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(j)(ii)). Any acquisition date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the combined statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the combined statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the ECL model to such other long-term interests where applicable).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 2(j)(ii)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

**(e) Other investments in debt and equity securities**

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

**(i) Investments other than equity investments**

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(t)(v)).
- fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

**(ii) Equity investments**

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

**(f) Investment property**

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(t)(iii).

**(g) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

|  |            |
|--|------------|
| – Vehicles . . . . .                   | 4-5 years  |
| – Office and other equipment . . . . . | 2-10 years |
| – Furniture and fixtures . . . . .     | 3 years    |
| – Right-of-use assets . . . . .        | 2-5 years  |

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for intended use.

**(h) Intangible assets**

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

|                      |            |
|----------------------|------------|
| – Software . . . . . | 3-10 years |
|----------------------|------------|

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

**(i) Leased assets**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

**(i) As a lessee**

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily equipment. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(j)(ii)), except right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value in accordance with Note 2(f).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

**(ii) As a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(t)(iii).

**(j) Credit losses and impairment of assets**

**(i) Credit losses from financial instruments**

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loan receivables).

Other financial assets measured at fair value, including equity and debt securities measured at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rate where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

#### *Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 1 year past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

*Basis of calculation of interest income*

Interest income recognised in accordance with Note 2(t)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

*Write-off policy*

The gross carrying amount of a financial asset, lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

**(ii) Impairment of non-current assets**

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets;
- investment in associates; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

#### **(k) Inventories**

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

- Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- Net realisable 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### **(l) Contract liabilities**

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(t)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(m)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(t)(v)).

#### **(m) Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(j)).



**(n) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL") in accordance with the policy set out in Note 2(j).

**(o) Trade and other payables**

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(p) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(u)).

**(q) Employee benefits****(i) Short-term employee benefits and contributions to defined contribution retirement plans**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the PRC local retirement schemes, pursuant to the relevant labor rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

**(ii) Share-based payments**

The Company operates a share scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the Company's equity at the date at which they are granted. The fair value is determined by an external valuer using the discounted cash flow method to determine the underlying equity fair value of the Company.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. If the employees are granted for the Company's equity unconditionally, the Group recognises the services received in full on grant date, with a corresponding increase in equity.

**(r) Income tax**

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations and items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

**(s) Provisions, contingent liabilities**

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(t) Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

**(i) Property management services and commercial operational services**

For management services related to property management services and commercial operational services, the Group recognises revenue in the amount to which the Group has the right to invoice based on the value of performance completed on a monthly basis.

For property management services income arising from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property management services fee received or receivable. For property management services income arising from properties managed under commission basis, where the Group acts as an agent of the property owners, the Group entitles to revenue at a pre-determined percentage or fixed amount of the property management services fees the property owners are obligated to pay.

**(ii) Value-added services to non-property owners**

Value-added services mainly include preliminary planning and pre-delivery inspection services, post-delivery warranty services and additional tailored services customised to property developers recognised when such services have been provided.

If contracts involve the provision of multiple services, the transaction prices are 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.

**(iii) Rental income from operating leases**

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iv) **Sale of goods**

Revenue is recognised when the customer takes possession of and accepts the goods.

(v) **Interest income**

Interest income is recognised as it accrues under the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(j)).

(vi) **Government grants**

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the assets by way of recognised in other income.

(u) **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) **Related parties**

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(w) Segment reporting**

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

### **3 ACCOUNTING JUDGEMENT AND ESTIMATES**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty in the preparation of the Historical Financial Information are as follows:

**(i) Expected credit losses for receivables**

The credit losses for trade and other receivables are based on assumptions about risk of expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 26(a). Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.

**(ii) Valuation of investment properties**

Investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidences of transaction prices, and where appropriate, the rental income allowing for reversionary income potential.

In determining the fair value, the valuers have taken into consideration the market conditions existed at the end of each reporting period or where appropriate, a method of valuation where involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rate and expected future market rents. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the prevailing market conditions as at the end of each reporting period.

**(iii) Fair value of shares granted to employees**

The cost of equity-settled transactions with employees is measured by reference to the fair value of the Company's equity at the date at which they are granted. The fair value is determined by an external valuer using the discounted cash flow method to determine the underlying equity fair value of the Company. In determining the fair value, key assumptions, such as the discount rate and cash flow projections, are determined by the Group with best estimates. Changes in these assumptions and estimates could materially affect the cost recognised for the shares granted to employees.

## 4 REVENUE AND SEGMENT REPORTING

## (a) Revenue

The principal activities of the Group are property management services, value-added services to non-property owners, commercial operational services and lifestyle services.

## (i) Disaggregation of revenue

|  | Years ended 31 December |                   |                   |
|--|-------------------------|-------------------|-------------------|
|  | 2018                    | 2019              | 2020              |
|  | <i>RMB'000</i>          | <i>RMB'000</i>    | <i>RMB'000</i>    |
| <b>Type of Revenue</b>   |                         |                   |                   |
| Revenue from contracts with customers<br>within the scope of IFRS 15 |                         |                   |                   |
| – Over time . . . . .  | 233,658                 | 346,158           | 475,405           |
| – A point in time . . . . .  | 16,989                  | 25,947            | 98,311            |
|  | <u>          </u>       | <u>          </u> | <u>          </u> |
| Revenue from other sources   |                         |                   |                   |
| – Rental income from investment<br>properties . . . . .              | 7,317                   | 8,438             | 14,547            |
|  | <u>          </u>       | <u>          </u> | <u>          </u> |
| Total . . . . .  | <u>257,964</u>          | <u>380,543</u>    | <u>588,263</u>    |

|  | Years ended 31 December |                   |                   |
|--|-------------------------|-------------------|-------------------|
|  | 2018                    | 2019              | 2020              |
|  | <i>RMB'000</i>          | <i>RMB'000</i>    | <i>RMB'000</i>    |
| <b>Type of services</b>                                    |                         |                   |                   |
| – Property management services . . . . .                   | 116,433                 | 140,708           | 189,724           |
| – Value-added services to non-property<br>owners . . . . . | 50,862                  | 128,402           | 168,335           |
| – Commercial operational services . . . . .                | 62,373                  | 72,571            | 112,956           |
| – Lifestyle services . . . . .                             | 28,296                  | 38,862            | 117,248           |
|  | <u>          </u>       | <u>          </u> | <u>          </u> |
| Total . . . . .  | <u>257,964</u>          | <u>380,543</u>    | <u>588,263</u>    |

For the years ended 31 December 2018, 2019 and 2020, revenue from New Hope Group Co., Ltd. and its subsidiaries contributed 17.6%, 28.6% and 30.2%, respectively of the Group's revenue. Other than New Hope Group Co., Ltd. and its subsidiaries, the Group's customer base is diversified and none of them contributed 10% or more of the Group's revenue during the Relevant Periods.

(ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

For property management services, value-added services to non-property owners and commercial operational services, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts.

For lifestyle services, there is no significant unsatisfied performance obligation at the end of respective reporting periods.

(b) **Segment reporting**

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in Note 2 above. Segment results represent the profit earned by each segment without allocation of central administrative costs. The chief operating decision maker ("CODM") considers the Group has four operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

The Group's operating and reportable segments are as follows:

- Property management services: this segment provides property management services to residential properties, commercial properties and other types of non-residential properties.
- Value-added services to non-property owners: this segment provides value-added services to non-property owners, including preliminary planning, design consultancy and pre-delivery services and sales office management.
- Commercial operational services: this segment provides market research and positioning and tenant sourcing services and commercial operation services and commercial properties leasing.
- Lifestyle services: this segment provides community operation services and community asset management services and online and offline retail services and catering services and marketing consultancy services and community space operational services.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Central administrative expenses or assistance provided by one segment to the other, including sharing of assets and technical know-how, is not measure in respective operating segment.

The measure used for reporting segment profit is gross profit.

No analysis of segment assets and segment liabilities is presented as these information are not regularly provided to the CODM for review.

The following is an analysis of the Group's revenue and results by operating and reportable segment:

|  | <b>Property<br/>management<br/>services</b> | <b>Value-added<br/>services to<br/>non-property<br/>owners</b> | <b>Commercial<br/>operational<br/>services</b> | <b>Lifestyle<br/>services</b> | <b>Total</b>   |
|--|---|--|--|-------------------------------|----------------|
|  | <i>RMB'000</i>                              | <i>RMB'000</i>   | <i>RMB'000</i>                                 | <i>RMB'000</i>                | <i>RMB'000</i> |
| <b>Year ended 31 December<br/>2018</b> |   |  |  |                               |                |
| Segment revenue . . . . .              | 116,433                                     | 50,862   | 62,373   | 28,296                        | 257,964        |
| Segment gross profits . . . . .        | 29,532                                      | 18,241   | 46,999   | 15,157                        | 109,929        |
| Central administrative costs . . . . . |   |  |  |                               | (58,144)       |
| Profit before taxation . . . . .       |   |  |  |                               | <u>51,785</u>  |
| <b>Year ended 31 December<br/>2019</b> |   |  |  |                               |                |
| Segment revenue . . . . .              | 140,708                                     | 128,402  | 72,571   | 38,862                        | 380,543        |
| Segment gross profits . . . . .        | 38,115                                      | 54,039   | 44,577   | 22,773                        | 159,504        |
| Central administrative costs . . . . . |   |  |  |                               | (82,347)       |
| Profit before taxation . . . . .       |   |  |  |                               | <u>77,157</u>  |
| <b>Year ended 31 December<br/>2020</b> |   |  |  |                               |                |
| Segment revenue . . . . .              | 189,724                                     | 168,335  | 112,956  | 117,248                       | 588,263        |
| Segment gross profits . . . . .        | 59,208                                      | 73,656   | 61,866   | 52,642                        | 247,372        |
| Central administrative costs . . . . . |   |  |  |                               | (114,774)      |
| Profit before taxation . . . . .       |   |  |  |                               | <u>132,598</u> |



## 5 OTHER NET (LOSS)/INCOME

|   | Note | Years ended 31 December |              |               |
|---|------|-------------------------|--------------|---------------|
|   |      | 2018                    | 2019         | 2020          |
|   |      | RMB'000                 | RMB'000      | RMB'000       |
| Gain on disposal of subsidiaries . . . . .                        | (i)  | 1,853                   | –            | 3,007         |
| Government grants . . . . .                                       | (ii) | 161                     | 728          | 2,259         |
| Valuation (losses)/gains on investment properties . . . . .       |      | (5,292)                 | 2,803        | 926           |
| Net losses on disposal of property, plant and equipment . . . . . |      | (2)                     | (56)         | (29)          |
| Others . . . . .  |      | 2,097                   | 3,647        | 4,095         |
| Total . . . . .   |      | <u>(1,183)</u>          | <u>7,122</u> | <u>10,258</u> |

## Notes:

(i) In December 2020, the Group disposed of all equity interests in Wenzhou Hope Town Enterprise Management Co., Ltd. to a related party at a consideration of RMB1, which leads to a net gain of RMB3,007,000.

In April 2018, the Group disposed of all equity interests in Hohhot New Hope Property Service Co., Ltd. to a third party at a consideration of RMB1, which leads to a net gain of RMB1,853,000.

(ii) The government grants represent subsidies from various PRC authorities. There are no unfulfilled conditions or future obligations attached to these subsidies.

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

## (a) Finance costs, net

|   | Years ended 31 December |              |              |
|---|-------------------------|--------------|--------------|
|   | 2018                    | 2019         | 2020         |
|   | RMB'000                 | RMB'000      | RMB'000      |
| Interest income from cash at bank and other financial institution . . . . . | 1,508                   | 1,404        | 978          |
| Interest income from a related party . . . . .                              | –                       | 43,106       | 41,547       |
| Interest expenses to a related party . . . . .                              | –                       | (45,693)     | (43,445)     |
| Interest on lease liabilities . . . . .                                     | (1,120)                 | (948)        | (1,334)      |
| Others . . . . .  | (701)                   | (914)        | (451)        |
| Total . . . . .   | <u>313</u>              | <u>3,045</u> | <u>2,705</u> |

## (b) Staff costs

|  | Years ended 31 December |                |                |
|--|-------------------------|----------------|----------------|
|  | 2018                    | 2019           | 2020           |
|  | RMB'000                 | RMB'000        | RMB'000        |
| Salaries, wages and other benefits . . . . .                       | 101,156                 | 185,720        | 250,946        |
| Contributions to defined contribution retirement<br>plan . . . . . | 9,388                   | 12,550         | 5,369          |
| Share-based payments ( <i>note 23</i> ) . . . . .                  | 12,994                  | –              | –              |
| Total . . . . .  | <u>123,538</u>          | <u>198,270</u> | <u>256,315</u> |

Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. In 2020, to reduce the impact of the COVID-19 pandemic on enterprises, governments in certain regions in the PRC had gradually reduced or exempted the social insurance contributions.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

## (c) Other items

|  | Years ended 31 December |         |         |
|--|-------------------------|---------|---------|
|  | 2018                    | 2019    | 2020    |
|  | RMB'000                 | RMB'000 | RMB'000 |
| Amortisation of intangible assets ( <i>note 13</i> ). . . . .                        | 491                     | 702     | 784     |
| Depreciation charge of property, plant and<br>equipment ( <i>note 12</i> ) . . . . . | 2,527                   | 3,502   | 7,025   |
| Expected credit losses on financial assets . . . . .                                 | 294                     | 1,412   | 251     |
| Auditor's remuneration<br>– statutory audit services . . . . .                       | 145                     | 143     | 150     |
| Listing expenses . . . . .   | –                       | –       | 7,561   |
| Expenses relating to short-term leases . . . . .                                     | 993                     | 720     | 1,859   |

## 7 INCOME TAX IN THE COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## (a) Taxation in the combined statement of profit or loss and other comprehensive income represents:

|   | Years ended 31 December |               |               |
|---|-------------------------|---------------|---------------|
|   | 2018                    | 2019          | 2020          |
|   | RMB'000                 | RMB'000       | RMB'000       |
| <b>Current tax – PRC Corporate Income Tax</b>               |                         |               |               |
| Provision for the year . . . . .                            | 12,114                  | 15,584        | 23,756        |
| <b>Deferred tax</b>   |                         |               |               |
| Origination and reversal of temporary differences . . . . . | (1,387)                 | (2,468)       | (928)         |
|   | <u>10,727</u>           | <u>13,116</u> | <u>22,828</u> |

## (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

|  | Years ended 31 December |               |               |
|--|-------------------------|---------------|---------------|
|  | 2018                    | 2019          | 2020          |
|  | RMB'000                 | RMB'000       | RMB'000       |
| Profit before taxation . . . . .   | 51,785                  | 77,157        | 132,598       |
| Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned<br>(note (i)) . . . . . | 12,946                  | 19,289        | 33,149        |
| Effect of PRC preferential tax<br>(notes (ii) and (iii)) . . . . .   | (608)                   | (6,458)       | (9,997)       |
| Effect of non-taxable income . . . . .   | (22)                    | (163)         | (75)          |
| Effect of non-deductible expenses . . . . .  | 71                      | 219           | 221           |
| Effect of utilisation of tax losses for which deferred tax assets was not recognised . . . . .   | (1,878)                 | (338)         | (807)         |
| Effect of unrecognised tax losses . . . . .  | 218                     | 567           | 337           |
| Actual tax expense . . . . .   | <u>10,727</u>           | <u>13,116</u> | <u>22,828</u> |

## Notes:

- (i) The provision for PRC Corporate Income Tax for the years ended 31 December 2018, 2019 and 2020 is calculated at 25% of the estimated assessable profits for the year.
- (ii) Pursuant to Caishui [2011] No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關稅收政策問題的通知) and Announcement [2012] No. 12 Public Announcement on Corporate Income Tax Issues Relating to In-depth Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關企業所得稅問題的公告), certain subsidiaries of the Group, being enterprises engaged in state encouraged industries established in the specified western regions, are taxed at a preferential income tax rate of 15% till 31 December 2030.
- (iii) Certain subsidiaries have been approved as Small Low-profit Enterprises (“SLE”). The entitled subsidiaries are subject to a preferential income tax rate of 5% or 10% in certain years.

## 8 DIRECTORS' EMOLUMENTS

For the directors as at the date of this report, their emoluments for the Relevant Periods are as follows:

| Name of director        | Year ended 31 December 2018 |                              |                     |                          |                                 |         |
|-------------------------|-----------------------------|------------------------------|---------------------|--------------------------|---------------------------------|---------|
|                         | Directors' fee              | Basic salaries and allowance | Discretionary bonus | Share-based Compensation | Retirement benefit contribution | Total   |
|                         | RMB'000                     | RMB'000                      | RMB'000             | RMB'000                  | RMB'000                         | RMB'000 |
| Executive Directors     |                             |                              |                     |                          |                                 |         |
| Wu Min . . . . .        | -                           | -                            | -                   | 2,469                    | -                               | 2,469   |
| Chen Jing . . . . .     | -                           | 266                          | 350                 | 3,119                    | 6                               | 3,741   |
| Non-executive Directors |                             |                              |                     |                          |                                 |         |
| Zhang Minggui . . . . . | -                           | -                            | -                   | 4,158                    | -                               | 4,158   |
| Jiang Mengjun . . . . . | -                           | -                            | -                   | 1,624                    | -                               | 1,624   |
| Dong Li . . . . .       | -                           | -                            | -                   | -                        | -                               | -       |
| Huang Kun . . . . .     | -                           | -                            | -                   | 1,624                    | -                               | 1,624   |
|                         | -                           | 266                          | 350                 | 12,994                   | 6                               | 13,616  |
|                         |                             |                              |                     |                          |                                 |         |
| Name of director        | Year ended 31 December 2019 |                              |                     |                          |                                 |         |
|                         | Directors' fee              | Basic salaries and allowance | Discretionary bonus | Share-based Compensation | Retirement benefit contribution | Total   |
|                         | RMB'000                     | RMB'000                      | RMB'000             | RMB'000                  | RMB'000                         | RMB'000 |
| Executive Directors     |                             |                              |                     |                          |                                 |         |
| Wu Min . . . . .        | -                           | -                            | -                   | -                        | -                               | -       |
| Chen Jing . . . . .     | -                           | 678                          | 951                 | -                        | 14                              | 1,643   |
| Non-executive Directors |                             |                              |                     |                          |                                 |         |
| Zhang Minggui . . . . . | -                           | -                            | -                   | -                        | -                               | -       |
| Jiang Mengjun . . . . . | -                           | -                            | -                   | -                        | -                               | -       |
| Dong Li . . . . .       | -                           | -                            | -                   | -                        | -                               | -       |
| Huang Kun . . . . .     | -                           | -                            | -                   | -                        | -                               | -       |
|                         | -                           | 678                          | 951                 | -                        | 14                              | 1,643   |
|                         |                             |                              |                     |                          |                                 |         |

| Name of director        | Year ended 31 December 2020 |                              |                     |                          |                                 | Total |
|-------------------------|-----------------------------|------------------------------|---------------------|--------------------------|---------------------------------|-------|
|                         | Directors' fee              | Basic salaries and allowance | Discretionary bonus | Share-based Compensation | Retirement benefit contribution |       |
|                         | RMB'000                     | RMB'000                      | RMB'000             | RMB'000                  | RMB'000                         |       |
| Executive Directors     |                             |                              |                     |                          |                                 |       |
| Wu Min . . . . .        | -                           | -                            | -                   | -                        | -                               | -     |
| Chen Jing . . . . .     | -                           | 693                          | 1,200               | -                        | 14                              | 1,907 |
| Non-executive Directors |                             |                              |                     |                          |                                 |       |
| Zhang Minggui . . . . . | -                           | -                            | -                   | -                        | -                               | -     |
| Jiang Mengjun . . . . . | -                           | -                            | -                   | -                        | -                               | -     |
| Dong Li . . . . .       | -                           | -                            | -                   | -                        | -                               | -     |
| Huang Kun . . . . .     | -                           | -                            | -                   | -                        | -                               | -     |
|                         | -                           | 693                          | 1,200               | -                        | 14                              | 1,907 |

Ms Chen Jing was appointed as a director of the Company on 5 November 2020. All other directors were appointed by the Company on 29 December 2020. The emoluments shown above includes remuneration received from the Group by them in their capacity as employees of the Group during the Relevant Periods.

During the Relevant Periods, no emoluments were paid by the Group to the director as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Group waived or agreed to waive any emoluments during the Relevant Periods.

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 5, 1 and 1 are directors whose emoluments are disclosed in Note 8 above for the years ended 31 December 2018, 2019 and 2020. The aggregate of the emoluments in respect of the remaining individual for the year ended 31 December 2018, 2019 and 2020 are as follows:

|   | Years ended 31 December |         |         |
|---|-------------------------|---------|---------|
|   | 2018                    | 2019    | 2020    |
|   | RMB'000                 | RMB'000 | RMB'000 |
| Salaries and other emoluments . . . . .   | -                       | 1,718   | 1,841   |
| Discretionary bonuses . . . . .           | -                       | 1,478   | 1,360   |
| Share-based Compensation . . . . .        | -                       | -       | -       |
| Retirement scheme contributions . . . . . | -                       | 66      | 58      |
|   | -                       | 3,262   | 3,259   |

The emoluments of the above individual with the highest emoluments are within the following bands:

|  | Years ended 31 December |      |      |
|--|-------------------------|------|------|
|  | 2018                    | 2019 | 2020 |
|  |                         |      |      |
| Nil to HKD1,000,000 . . . . .          | -                       | 2    | 3    |
| HKD1,000,001 to HKD1,500,000 . . . . . | -                       | 2    | 1    |

**10 EARNINGS PER SHARE**

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful due to the Reorganisation and the preparation of the financial information of the Group for the Relevant Periods on the basis as disclosed in Note 1.

**11 INVESTMENT PROPERTIES**

|                                | <b>Leased<br/>Properties-<br/>owned</b> | <b>Right-of-use<br/>assets</b> | <b>Total</b>   |
|--------------------------------|---|--------------------------------|----------------|
|                                | <i>RMB'000</i>                          | <i>RMB'000</i>                 | <i>RMB'000</i> |
| <b>Fair value</b>              |   |                                |                |
| At 1 January 2018. . . . .     | –                                       | 26,542                         | 26,542         |
| Additions . . . . .            | 8,220                                   | –                              | 8,220          |
| Change in fair value . . . . . | –                                       | (5,292)                        | (5,292)        |
|                                | <hr/>                                   | <hr/>                          | <hr/>          |
| At 31 December 2018 . . . . .  | 8,220                                   | 21,250                         | 29,470         |
| Change in fair value . . . . . | 4,661                                   | (1,858)                        | 2,803          |
|                                | <hr/>                                   | <hr/>                          | <hr/>          |
| At 31 December 2019 . . . . .  | 12,881                                  | 19,392                         | 32,273         |
| Additions . . . . .            | –                                       | 38,481                         | 38,481         |
| Change in fair value . . . . . | 410                                     | 516                            | 926            |
|                                | <hr/>                                   | <hr/>                          | <hr/>          |
| At 31 December 2020 . . . . .  | <u>13,291</u>                           | <u>58,389</u>                  | <u>71,680</u>  |

**(a) Right-of-use assets**

During the Relevant Periods, the Group leased certain commercial properties located in Kunming and Wenzhou, the PRC, from property owners and subleased to tenants through operating leases to earn rental income. The right-of-use assets of the leases are determined to meet the definition of investment property.

**(b) Fair value of properties**

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

|  | <b>Fair value<br/>as at<br/>31 December<br/>2018<br/>RMB'000</b> | <b>Fair value<br/>as at<br/>31 December<br/>2019<br/>RMB'000</b> | <b>Fair value<br/>as at<br/>31 December<br/>2020<br/>RMB'000</b> |
|--|--|--|--|
| Investment properties located<br>in the PRC . . . . . <i>Level 3</i> | 29,470   | 32,273   | 71,680   |

During the years ended 31 December 2018, 2019 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2018, 2019 and 2020. The valuations as at 31 December 2018, 2019 and 2020 were carried out by an independent firm, Sichuan Dezheng Assets Appraisal Co., Ltd. (四川德正資產評估有限公司), with recent experience in the location and category of property being valued. The Group's management have had discussion with the surveyors on the valuation assumptions and valuation methodology.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

|                           | <b>Valuation<br/>techniques</b> | <b>Unobservable<br/>input</b>  | <b>Range</b>  |
|---------------------------|---------------------------------|--------------------------------|---|
| Investment properties     |                                 |                                |   |
| – Car parks . . . . .     | Market approach                 | Market<br>transaction<br>price | Market price per sq.m.,<br>31 December 2019:<br>RMB1,540-RMB2,830<br>31 December 2020:<br>RMB1,543-RMB2,983 |
| – Retail stores . . . . . | Income approach                 | Capitalisation<br>rate         | Capitalisation rate,<br>31 December 2018: 6%<br>31 December 2019: 6%<br>31 December 2020: 6%                |

The fair value of investment properties is based on determined income approach or market approach. Under the income approach, the fair value of investment properties is estimated based on capitalisation rate, unit rent and remaining lease term. The unit rent mainly made reference to the rents in existing lease. Under the market approach, the fair value is estimated based on comparable transactions for properties in similar location, accessibility, age, quality, size and other factors.

## (c) Operating leases

The Group leases out investment property under operating leases. The leases typically run for an initial period of 2 to 10 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals.

Undiscounted lease payments under operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

|  | <b>At 31 December</b> |                |                |
|--|-----------------------|----------------|----------------|
|  | <b>2018</b>           | <b>2019</b>    | <b>2020</b>    |
|  | <i>RMB'000</i>        | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year . . . . .                    | 9,717                 | 10,828         | 25,078         |
| After 1 year but within 2 years . . . . .  | 9,287                 | 10,443         | 21,721         |
| After 2 years but within 3 years . . . . . | 8,935                 | 4,621          | 19,686         |
| After 3 years but within 4 years . . . . . | 3,589                 | 2,193          | 19,051         |
| After 4 years but within 5 years . . . . . | 1,218                 | 1,516          | 1,270          |
| Remaining years . . . . .                  | 5,486                 | 4,351          | 3,216          |
|  | <u>38,232</u>         | <u>33,952</u>  | <u>90,022</u>  |

## 12 PROPERTY, PLANT AND EQUIPMENT

|                               | <b>Vehicles</b> | <b>Office and<br/>other<br/>equipment</b> | <b>Furniture and<br/>fixtures</b> | <b>Right-of-use<br/>assets-leased<br/>properties</b> | <b>Total</b>   |
|-------------------------------|-----------------|---|-----------------------------------|--|----------------|
|                               | <i>RMB'000</i>  | <i>RMB'000</i>                            | <i>RMB'000</i>                    | <i>RMB'000</i>                                       | <i>RMB'000</i> |
| <b>Cost:</b>                  |                 |   |                                   |  |                |
| At 1 January 2018 . . . . .   | 675             | 6,199                                     | 796                               | 2,523  | 10,193         |
| Additions . . . . .           | 3               | 2,346                                     | 1,330                             | –  | 3,679          |
| Disposals . . . . .           | –               | (78)                                      | –                                 | –  | (78)           |
|                               | <u>678</u>      | <u>8,467</u>                              | <u>2,126</u>                      | <u>2,523</u>   | <u>13,794</u>  |
| At 31 December 2018 . . . . . | 678             | 8,467                                     | 2,126                             | 2,523  | 13,794         |
| Additions . . . . .           | 190             | 2,318                                     | 3,740                             | 2,368  | 8,616          |
| Disposals . . . . .           | –               | (653)                                     | –                                 | –  | (653)          |
|                               | <u>868</u>      | <u>10,132</u>                             | <u>5,866</u>                      | <u>4,891</u>   | <u>21,757</u>  |
| At 31 December 2019 . . . . . | 868             | 10,132                                    | 5,866                             | 4,891  | 21,757         |
| Additions . . . . .           | 331             | 3,051                                     | 5,533                             | 3,242  | 12,157         |
| Disposals . . . . .           | –               | (1,516)                                   | –                                 | –  | (1,516)        |
|                               | <u>1,199</u>    | <u>11,667</u>                             | <u>11,399</u>                     | <u>8,133</u>   | <u>32,398</u>  |
| At 31 December 2020 . . . . . | 1,199           | 11,667                                    | 11,399                            | 8,133  | 32,398         |



|                                     | Vehicles       | Office and<br>other<br>equipment | Furniture and<br>fixtures | Right-of-use<br>assets-leased<br>properties | Total          |
|-------------------------------------|----------------|----------------------------------|---------------------------|---|----------------|
|                                     | <i>RMB'000</i> | <i>RMB'000</i>                   | <i>RMB'000</i>            | <i>RMB'000</i>                              | <i>RMB'000</i> |
| <b>Accumulated depreciation:</b>    |                |                                  |                           |   |                |
| At 1 January 2018 . . . . .         | (458)          | (3,449)                          | –                         | –   | (3,907)        |
| Charge for the year . . . . .       | (81)           | (1,204)                          | (811)                     | (431)                                       | (2,527)        |
| Written back on disposals . . . . . | –              | 76                               | –                         | –   | 76             |
| At 31 December 2018 . . . . .       | (539)          | (4,577)                          | (811)                     | (431)                                       | (6,358)        |
| Charge for the year . . . . .       | (73)           | (1,710)                          | (833)                     | (886)                                       | (3,502)        |
| Written back on disposals . . . . . | –              | 569                              | –                         | –   | 569            |
| At 31 December 2019 . . . . .       | (612)          | (5,718)                          | (1,644)                   | (1,317)                                     | (9,291)        |
| Charge for the year . . . . .       | (212)          | (1,439)                          | (2,943)                   | (2,431)                                     | (7,025)        |
| Written back on disposals . . . . . | –              | 1,016                            | –                         | –   | 1,016          |
| At 31 December 2020 . . . . .       | (824)          | (6,141)                          | (4,587)                   | (3,748)                                     | (15,300)       |
| <b>Carrying amount:</b>             |                |                                  |                           |   |                |
| At 31 December 2020 . . . . .       | 375            | 5,526                            | 6,812                     | 4,385                                       | 17,098         |
| At 31 December 2019 . . . . .       | 256            | 4,414                            | 4,222                     | 3,574                                       | 12,466         |
| At 31 December 2018 . . . . .       | 139            | 3,890                            | 1,315                     | 2,092                                       | 7,436          |

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 17(c) and 21, respectively.

### 13 INTANGIBLE ASSETS

|                               | Software       |
|-------------------------------|----------------|
|                               | <i>RMB'000</i> |
| <b>Cost:</b>                  |                |
| At 1 January 2018 . . . . .   | 3,430          |
| Purchased . . . . .           | 1,081          |
| At 31 December 2018 . . . . . | 4,511          |
| Purchased . . . . .           | 1,272          |
| At 31 December 2019 . . . . . | 5,783          |
| Purchased . . . . .           | 2,547          |
| At 31 December 2020 . . . . . | 8,330          |

|                                  | <b>Software</b> |
|----------------------------------|-----------------|
|                                  | <i>RMB'000</i>  |
| <b>Accumulated amortisation:</b> |                 |
| At 1 January 2018 . . . . .      | (554)           |
| Charge for the year . . . . .    | (491)           |
| At 31 December 2018 . . . . .    | (1,045)         |
| Charge for the year . . . . .    | (702)           |
| At 31 December 2019 . . . . .    | (1,747)         |
| Charge for the year . . . . .    | (784)           |
| At 31 December 2020 . . . . .    | (2,531)         |
| <b>Net book value:</b>           |                 |
| At 31 December 2020 . . . . .    | 5,799           |
| At 31 December 2019 . . . . .    | 4,036           |
| At 31 December 2018 . . . . .    | 3,466           |

The amortisation charge for the year is included in “administrative expenses” amounted to RMB491,000, RMB640,000, and RMB640,000 and in “cost of sales” amounted to nil, RMB62,000 and RMB144,000 in the combined statement of profit or loss and other comprehensive income in the years ended 31 December 2018, 2019 and 2020, respectively.

#### 14 INTEREST IN AN ASSOCIATE

Interest in an associate represented the Group's 20% equity interests in Chengdu Jinguan Xincheng Property Management Co., Ltd. (成都錦官新城物業管理有限責任公司), an unlisted corporate entity. At 31 December 2018, 2019 and 2020, the changes represent share of the associate's profit or loss under equity method less dividends received.

#### 15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|   | <b>At 31 December</b> |                |                |
|---|-----------------------|----------------|----------------|
|   | <b>2018</b>           | <b>2019</b>    | <b>2020</b>    |
|   | <i>RMB'000</i>        | <i>RMB'000</i> | <i>RMB'000</i> |
| Prepaid other taxes . . . . .                   | 312                   | 1,316          | 664            |
| Prepayments . . . . .                           | 1,680                 | 4,966          | 10,620         |
| Receivables from tenants and staff . . . . .    | 11,236                | 10,105         | 10,336         |
| Deposits . . . . .                              | 102                   | 464            | 7,211          |
| Other receivables . . . . .                     | 8,449                 | 10,667         | 9,977          |
| Less: Allowance for other receivables . . . . . | (289)                 | (865)          | (686)          |
|   | <u>21,490</u>         | <u>26,653</u>  | <u>38,122</u>  |

## 16 TRADE RECEIVABLES

|   | At 31 December |                |                |
|---|----------------|----------------|----------------|
|   | 2018           | 2019           | 2020           |
|   | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade receivables from related companies . . . . .  | 33,895         | 51,489         | 74,183         |
| Trade receivables from external customers . . . . . | 25,786         | 33,006         | 90,715         |
| Less: Allowance for trade receivables . . . . .     | (528)          | (1,365)        | (1,795)        |
|   | <u>59,153</u>  | <u>83,130</u>  | <u>163,103</u> |

## (a) Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivable based on the date of revenue recognition and net of allowance for impairment of trade receivables is as follows:

|                         | At 31 December |                |                |
|-------------------------|----------------|----------------|----------------|
|                         | 2018           | 2019           | 2020           |
|                         | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year . . . . . | 56,036         | 80,100         | 161,196        |
| 1 to 2 years . . . . .  | 2,342          | 2,097          | 1,362          |
| 2 to 3 years . . . . .  | 651            | 786            | 427            |
| 3 to 4 years . . . . .  | 124            | 147            | 118            |
|                         | <u>59,153</u>  | <u>83,130</u>  | <u>163,103</u> |

Trade receivables are due when the receivables are recognised. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 26(a).

## (b) Impairment of trade receivables

The movements in the loss allowance in respect of trade receivables during the Relevant Periods are as follows:

|   | Years ended 31 December |                |                |
|---|-------------------------|----------------|----------------|
|   | 2018                    | 2019           | 2020           |
|   | <i>RMB'000</i>          | <i>RMB'000</i> | <i>RMB'000</i> |
| At 1 January . . . . .                    | 180                     | 528            | 1,365          |
| Expected credit loss recognised . . . . . | 348                     | 837            | 430            |
| At 31 December/30 September . . . . .     | <u>528</u>              | <u>1,365</u>   | <u>1,795</u>   |

## 17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

## (a) Cash and cash equivalents comprise:

|  | At 31 December |                |                |
|--|----------------|----------------|----------------|
|  | 2018           | 2019           | 2020           |
|  | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Cash at bank . . . . .                             | 115,721        | 47,484         | 111,324        |
| Cash on hand . . . . .                             | 112            | 104            | 34             |
| Deposits in other financial institutions . . . . . | 1,232          | 1,759          | 1,256          |
|  | <u>117,065</u> | <u>49,347</u>  | <u>112,614</u> |

## (b) Reconciliation of profit before taxation to cash generated from operations:

|   | <i>Note</i> | Years ended 31 December |                |                |
|---|-------------|-------------------------|----------------|----------------|
|   |             | 2018                    | 2019           | 2020           |
|   |             | <i>RMB'000</i>          | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit before taxation . . . . .                              |             | 51,785                  | 77,157         | 132,598        |
| Adjustments for:  |             |                         |                |                |
| Interest income . . . . .                                     | 6           | (1,508)                 | (44,510)       | (42,525)       |
| Interest expenses . . . . .                                   |             | 1,120                   | 46,641         | 44,779         |
| Depreciation of property, plant and equipment . . . . .       | 12          | 2,527                   | 3,502          | 7,025          |
| Amortisation of intangible assets . . . . .                   | 13          | 491                     | 702            | 784            |
| Valuation losses/(gains) on investment properties . . . . .   | 5           | 5,292                   | (2,803)        | (926)          |
| Expected credit loss on financial assets . . . . .            |             | 294                     | 1,412          | 251            |
| Losses on disposal of property, plant and equipment . . . . . | 5           | 2                       | 56             | 29             |
| Gains on disposal of subsidiaries . . . . .                   | 5           | (1,853)                 | –              | (3,007)        |
| Share of profits less losses of an associate . . . . .        |             | (55)                    | (616)          | (499)          |
| Share-based payments . . . . .                                |             | 12,994                  | –              | –              |
| Changes in working capital:                                   |             |                         |                |                |
| Decrease/(increase) in inventories . . . . .                  |             | –                       | 40             | (256)          |
| Increase in trade and other receivables . . . . .             |             | (42,684)                | (32,412)       | (87,269)       |
| Increase in contract liabilities . . . . .                    |             | 22,951                  | 24,935         | 69,243         |
| Increase in trade and other payables . . . . .                |             | 22,815                  | 50,939         | 61,157         |
| Cash generated from operations . . . . .                      |             | <u>74,171</u>           | <u>125,043</u> | <u>181,384</u> |

## (c) Reconciliation of liabilities arising from financing activities

The tables below detail changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's combined statements of cash flows as cash flows from financing activities.

|  | <b>Long-term<br/>borrowings</b>    | <b>Lease<br/>liabilities</b>       | <b>Total</b>   |
|--|------------------------------------|------------------------------------|----------------|
|  | <i>RMB'000</i><br><i>(Note 22)</i> | <i>RMB'000</i><br><i>(Note 21)</i> | <i>RMB'000</i> |
| <b>At 1 January 2018</b> . . . . .   | –                                  | 26,409                             | 26,409         |
| Changes from financing cash flows:   |                                    |                                    |                |
| Capital element of lease rentals paid . . . . .  | –                                  | (4,827)                            | (4,827)        |
| Interest element of lease rentals paid . . . . .   | –                                  | (1,026)                            | (1,026)        |
| Total changes from financing cash flows . . . . .  | –                                  | (5,853)                            | (5,853)        |
| Interest expenses. . . . .   | –                                  | 1,120                              | 1,120          |
| <b>At 31 December 2018 and 1 January 2019</b> . . . . .                                  | –                                  | 21,676                             | 21,676         |
| Changes from financing cash flows:   |                                    |                                    |                |
| Proceeds from long-term borrowing . . . . .  | 600,000                            | –                                  | 600,000        |
| Payments of long-term borrowings. . . . .  | (26,860)                           | –                                  | (26,860)       |
| Interest paid . . . . .  | (34,638)                           | –                                  | (34,638)       |
| Capital element of lease rentals paid . . . . .  | –                                  | (6,725)                            | (6,725)        |
| Interest element of lease rentals paid . . . . .   | –                                  | (869)                              | (869)          |
| Total changes from financing cash flows . . . . .  | 538,502                            | (7,594)                            | 530,908        |
| Increase in lease liabilities from entering into<br>new leases during the year . . . . . | –                                  | 3,631                              | 3,631          |
| Interest expenses. . . . .   | 45,693                             | 948                                | 46,641         |
| <b>At 31 December 2019 and 1 January 2020</b> . . . . .                                  | 584,195                            | 18,661                             | 602,856        |
| Changes from financing cash flows:   |                                    |                                    |                |
| Payments of long-term borrowings. . . . .  | (50,120)                           | –                                  | (50,120)       |
| Interest paid . . . . .  | (45,099)                           | –                                  | (45,099)       |
| Capital element of lease rentals paid . . . . .  | –                                  | (7,448)                            | (7,448)        |
| Interest element of lease rentals paid . . . . .   | –                                  | (802)                              | (802)          |
| Total changes from financing cash flows . . . . .  | (95,219)                           | (8,250)                            | (103,469)      |
| Offsetting with receivables from related<br>companies . . . . .                          | (532,421)                          | –                                  | (532,421)      |
| Increase in lease liabilities from entering into<br>new leases during the year . . . . . | –                                  | 41,854                             | 41,854         |
| Interest expenses. . . . .   | 43,445                             | 1,334                              | 44,779         |
| <b>At 31 December 2020</b> . . . . .   | –                                  | 53,599                             | 53,599         |

**18 TRADE PAYABLES**

As of the end of each Relevant Periods, the ageing analysis of trade payables, based on the invoice date, is as follows:

|                         | <b>At 31 December</b> |                |                |
|-------------------------|-----------------------|----------------|----------------|
|                         | <b>2018</b>           | <b>2019</b>    | <b>2020</b>    |
|                         | <i>RMB'000</i>        | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year . . . . . | 16,294                | 22,272         | 42,707         |
| 1 to 2 years . . . . .  | 497                   | 1,353          | 152            |
| 2 to 3 years . . . . .  | 1,337                 | 108            | 80             |
| Over 3 years . . . . .  | –                     | 719            | 714            |
|                         | <u>18,128</u>         | <u>24,452</u>  | <u>43,653</u>  |

**19 OTHER PAYABLES AND ACCRUALS**

|   | <b>At 31 December</b> |                |                |
|---|-----------------------|----------------|----------------|
|   | <b>2018</b>           | <b>2019</b>    | <b>2020</b>    |
|   | <i>RMB'000</i>        | <i>RMB'000</i> | <i>RMB'000</i> |
| Other taxes and charges payable . . . . .         | 4,850                 | 9,953          | 14,812         |
| Accrued payroll and other benefits . . . . .      | 12,175                | 40,757         | 23,065         |
| Deposits . . . . .                                | 42,187                | 48,804         | 72,132         |
| Receipts on behalf of residents/tenants . . . . . | 24,651                | 29,332         | 54,757         |
| Other payables and accruals . . . . .             | 2,791                 | 4,791          | 7,409          |
|   | <u>86,654</u>         | <u>133,637</u> | <u>172,175</u> |

All the trade and other payables (including amounts due to related parties) are expected to be settled or are repayable on demand.

**20 CONTRACT LIABILITIES**

|                                    | <b>At 31 December</b> |                |                |
|------------------------------------|-----------------------|----------------|----------------|
|                                    | <b>2018</b>           | <b>2019</b>    | <b>2020</b>    |
|                                    | <i>RMB'000</i>        | <i>RMB'000</i> | <i>RMB'000</i> |
| Billings in advance of performance |                       |                |                |
| – Related companies . . . . .      | 639                   | 10,077         | 7,027          |
| – External customers . . . . .     | 66,170                | 78,543         | 154,679        |
|                                    | <u>66,809</u>         | <u>88,620</u>  | <u>161,706</u> |

Movements in contract liabilities were as follows:

|   | Years ended 31 December |               |                |
|---|-------------------------|---------------|----------------|
|   | 2018                    | 2019          | 2020           |
|   | RMB'000                 | RMB'000       | RMB'000        |
| Balance at 1 January . . . . .  | 49,677                  | 66,809        | 88,620         |
| Revenue recognised that was included in the balance<br>of contract liabilities at the beginning of the year . . . | (43,687)                | (64,711)      | (80,259)       |
| Increase by cash received . . . . .   | 60,819                  | 86,522        | 153,345        |
| Balance at 31 December . . . . .  | <u>66,809</u>           | <u>88,620</u> | <u>161,706</u> |

The Group received a deposit before rendering the services. This will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit.

The amounts of contract liabilities expected to be recognised as income after more than one year are RMB2,098,000, RMB8,361,000 and RMB8,124,000 at 31 December 2018, 2019 and 2020, respectively.

## 21 LEASE LIABILITIES

|   | At 31 December   |  |  |  |  |  |
|---|--|--|--|--|--|--|
|   | 2018   |  | 2019   |  | 2020   |  |
|   | Present<br>value of the<br>minimum<br>lease<br>payments<br>RMB'000 | Total<br>minimum<br>lease<br>payments<br>RMB'000 | Present<br>value of the<br>minimum<br>lease<br>payments<br>RMB'000 | Total<br>minimum<br>lease<br>payments<br>RMB'000 | Present<br>value of the<br>minimum<br>lease<br>payments<br>RMB'000 | Total<br>minimum<br>lease<br>payments<br>RMB'000 |
| Within 1 year . . . . .                           | 5,160  | 6,078  | 6,215  | 6,967  | 7,245  | 7,844  |
| After 1 year but<br>within 2 years. . . . .       | 5,368  | 6,034  | 6,285  | 6,739  | 7,103  | 7,335  |
| After 2 year but<br>within 5 years. . . . .       | 11,148   | 11,712   | 6,161  | 6,322  | 39,251   | 46,491   |
|   | <u>16,516</u>  | <u>17,746</u>                                    | <u>12,446</u>  | <u>13,061</u>                                    | <u>46,354</u>  | <u>53,826</u>                                    |
|   | <u>21,676</u>  | <u>23,824</u>                                    | <u>18,661</u>  | <u>20,028</u>                                    | <u>53,599</u>  | <u>61,670</u>                                    |
| Less: total future<br>interest expenses . . . . . |  | (2,148)  |  | (1,367)  |  | (8,071)  |
| Present value of<br>lease liabilities . . . . .   |  | <u>21,676</u>                                    |  | <u>18,661</u>                                    |  | <u>53,599</u>                                    |

## 22 LONG-TERM BORROWINGS

|   | At 31 December |                |                |
|---|----------------|----------------|----------------|
|   | 2018           | 2019           | 2020           |
|   | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Assets-backed securities (“ABS”) related borrowings . . . . . | –              | 584,195        | –              |
|   | <u>–</u>       | <u>584,195</u> | <u>–</u>       |
|   | At 31 December |                |                |
|   | 2018           | 2019           | 2020           |
|   | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Current portion of ABS related borrowings . . . . .           | –              | 75,085         | –              |
| Non-current portion of ABS related borrowings . . . . .       | –              | 509,110        | –              |
|   | <u>–</u>       | <u>584,195</u> | <u>–</u>       |

In March 2019, New Hope Property Development, the immediate parent company, provided a loan to New Hope Property Service amounting to RMB600 million with a 9-year maturity and an interest rate of 8% per annum. New Hope Property Development then entered into an ABS arrangement with CITIC Securities Company Limited (“中信証券股份有限公司”) by transferring above loan receivables to the ABS. The Group pledged trade receivables and future years’ right of receiving management fees from certain properties under the Group’s management to the ABS. On 21 May 2019, the ABS was formally established with an aggregate nominal value of RMB600 million and a 9-year maturity. In connection with the ABS, the Group has made loans to New Hope Property Development with the same principal amount and at the same interest rate.

During the years ended 31 December 2019 and 2020, the Group has repaid RMB26.9 million and RMB61.7 million, respectively, of the principal amount of the ABS related borrowings.

On 16 December 2020, New Hope Property Development purchased all the ABS from other ABS holders and became the sole ABS holder. New Hope Property Development then early terminated the ABS on 28 December 2020. Pursuant to a debt expiation agreement entered into between New Hope Property Development and the Group dated 29 December 2020, the Group’s remaining long-term borrowings were offset by the same amount of other receivables due from New Hope Property Development. Accordingly the pledge of the Group’s future rights to receive management fees for certain properties as mentioned above has been released accordingly as of 30 December 2020.

## 23 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Pursuant to the resolution of the board of directors dated 8 October 2018, a share incentive plan (the “Share Incentive Plan”) was approved, under which New Hope Property Service granted to certain key management personnel in October 2018 options to subscribe for 6.2% of its equity interest (the “Incentive Shares”) at a subscription price of RMB7,357,000 (the “Subscription Price”). During the year ended 31 December 2018 and 2019, no Incentive Shares were subscribed by the grantees. The options for the subscription of the Incentive Shares were fully exercised by the grantees in December 2020.

The options for the subscription of Incentive Shares did not have vesting conditions. The fair value of the options for the subscription of Incentive Shares granted to the recipients was recognised as expense on the grant date in the combined statement of comprehensive income. During the year ended 31 December 2018, the Company has recognised employee benefit expenses of RMB12,994,000 in the combined statements of profit or loss and other comprehensive income in relation to the Share Incentive Plan.



The fair value of the options granted was measured by reference to the fair value of Incentive Shares and the subscription price. The fair value of the Incentive Shares is measured at the grant date using the discounted cash flow method. Best estimates of key assumptions, such as discount rate and projections of future performance, are required to be determined by management. Key assumptions used in determining the fair value of Incentive Shares under the Share Incentive Plan are as follows:

**Key Assumptions**

|                                   |        |
|-----------------------------------|--------|
| Risk-free interest rate . . . . . | 3.27%  |
| Risk Premium . . . . .            | 6.74%  |
| Discount rate . . . . .           | 12.67% |

**24 INCOME TAX IN THE COMBINED STATEMENTS OF FINANCIAL POSITION****(a) Current taxation in the combined statement of financial position represents:**

|   | Years ended 31 December |                 |                 |
|---|-------------------------|-----------------|-----------------|
|   | 2018                    | 2019            | 2020            |
|   | <i>RMB'000</i>          | <i>RMB'000</i>  | <i>RMB'000</i>  |
| <b>PRC Corporate Income Tax</b>                       |                         |                 |                 |
| At 1 January . . . . .                                | 4,419                   | 1,100           | 4,604           |
| Charged to profit or loss ( <i>note 7</i> ) . . . . . | 12,114                  | 15,584          | 23,756          |
| Payments during the year . . . . .                    | <u>(15,433)</u>         | <u>(12,080)</u> | <u>(16,186)</u> |
| At 31 December . . . . .                              | <u>1,100</u>            | <u>4,604</u>    | <u>12,174</u>   |

**(b) Deferred tax assets and liabilities recognised:****(i) Movement of each component of deferred tax assets and liabilities**

The components of deferred tax (assets)/liabilities recognised in the combined statements of financial position and the movements during the Relevant Periods are as follows:

|   | Credit loss<br>allowance | Revaluation<br>of investment<br>property | Cumulative<br>tax losses | Total          |
|---|--------------------------|--|--------------------------|----------------|
|   | <i>RMB'000</i>           | <i>RMB'000</i>                           | <i>RMB'000</i>           | <i>RMB'000</i> |
| <b>Deferred tax arising from:</b>                   |                          |  |                          |                |
| At 1 January 2018. . . . .                          | (75)                     | –  | –                        | (75)           |
| Credited to profit or loss. . . . .                 | <u>(64)</u>              | <u>(1,323)</u>                           | –                        | <u>(1,387)</u> |
| At 31 December 2018 and<br>1 January 2019 . . . . . | (139)                    | (1,323)                                  | –                        | (1,462)        |
| (Credited)/charged to<br>profit or loss. . . . .    | <u>(266)</u>             | <u>420</u>                               | <u>(2,622)</u>           | <u>(2,468)</u> |
| At 31 December 2019 and<br>1 January 2020 . . . . . | (405)                    | (903)                                    | (2,622)                  | (3,930)        |
| (Credited)/charged to<br>profit or loss . . . . .   | <u>(246)</u>             | <u>1,375</u>                             | <u>(2,057)</u>           | <u>(928)</u>   |
| At 31 December 2020 . . . . .                       | <u>(651)</u>             | <u>472</u>                               | <u>(4,679)</u>           | <u>(4,858)</u> |

(ii) *Reconciliation to the combined statements of financial position*

|  | At 31 December |                |                |
|--|----------------|----------------|----------------|
|  | 2018           | 2019           | 2020           |
|  | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Deferred tax asset recognised in the combined statements of financial position . . . . .       | 1,462          | 4,629          | 7,386          |
| Deferred tax liabilities recognised in the combined statements of financial position . . . . . | –              | (699)          | (2,528)        |
|  | <u>1,462</u>   | <u>3,930</u>   | <u>4,858</u>   |

(c) **Deferred tax assets not recognised**

|                                   | At 31 December |                |                |
|-----------------------------------|----------------|----------------|----------------|
|                                   | 2018           | 2019           | 2020           |
|                                   | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Unrecognised tax losses . . . . . | <u>2,857</u>   | <u>4,012</u>   | <u>2,134</u>   |

In accordance with the accounting policy set out in Note 2(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB2,857,000, RMB4,012,000 and RMB2,134,000 as of 31 December 2018, 2019 and 2020, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

|                | At 31 December |                |                |
|----------------|----------------|----------------|----------------|
|                | 2018           | 2019           | 2020           |
|                | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| 2021 . . . . . | 614            | 61             | 61             |
| 2022 . . . . . | 797            | 533            | 356            |
| 2023 . . . . . | 1,446          | 1,040          | 84             |
| 2024 . . . . . | –              | 2,378          | 285            |
| 2025 . . . . . | –              | –              | 1,348          |
|                | <u>2,857</u>   | <u>4,012</u>   | <u>2,134</u>   |

(d) **Deferred tax liabilities not recognised**

According to PRC corporate income tax laws and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

For the other distributable reserve and retained earnings up to 31 December 2020, no deferred tax liabilities were recognised as at 31 December 2020 as the Group controls the dividend policy of the subsidiaries and it has been determined that it is not probable that these profits will be distributed in the foreseeable future.

**25 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS****(a) Movements in components of equity**

The reconciliation between the opening and closing balances of each component of the Group's combined equity is set out in the combined statements of changes in equity.

**(b) Share capital**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 November 2020. As of the date of incorporation, the authorised share capital was HK\$380,000 divided into 38,000,000 ordinary shares with par value of HK\$0.01 each. Upon incorporation, one Share was allotted and issued to a shareholder of the Company. On the same date, the Company further allotted and issued 99 Shares with par value of HK\$0.01 each to a shareholder of the Company, as detailed in the section headed "History, Reorganization and Corporate Structure" to the Prospectus.

On 8 January 2021, 8,980 Shares and 620 Shares and 300 Shares were allotted and issued to shareholders of the Company with par value of HK\$0.01 each, as detailed in the section headed "History, Reorganization and Corporate Structure" to the Prospectus.

**(c) Dividends**

No dividend has been declared by the Company since its incorporation.

Dividends of nil, RMB8,464,000 and RMB315,713,000 have been declared and fully paid by New Hope Property Service Group Co., Ltd. to the shareholders during the years ended 31 December 2018, 2019 and 2020, respectively.

**(d) Nature and purpose of reserves****(i) Share premium**

Share premium represents the difference between the consideration and the par value of the issued and paid up shares of the Company.

**(ii) Capital reserve**

For the purpose of the Historical Financial Information, capital reserve balance represents:

- the aggregate amount of the paid-in capital, capital premium and other capital reserves of New Hope Property Service at the respective dates; and
- cash consideration received from related management personnel for subscription of the Incentive Shares as set out in Note 23 and Note 2(q) (ii).

**(iii) Statutory surplus reserve**

For the purpose of the Historical Financial Information, the statutory surplus reserve represented the statutory surplus reserve of New Hope Property Service Group Co., Ltd.

Statutory surplus reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, this reserve can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

**(e) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's overall strategy remains unchanged throughout the Relevant Periods.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

**26 FINANCIAL RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**

Exposure to credit, liquidity and interest rate risks arise in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

**(a) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash at bank, trade receivables, prepayments, deposits and other receivables, and amounts due from related parties. The Group's exposure to credit risk arising from cash and cash equivalents are limited because the counterparties are banks and financial institutions with a high credit standing assigned by the management of the Group, to which the Group considers to have low credit risk.

In respect of amounts due from related parties, amounts due from tenants and staff, deposits and other receivables included in prepayments, deposits and other receivables, the Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and looking-forward information. Thus except for RMB289,000, RMB865,000 and RMB686,000 of allowance provision provided, no other loss allowance provision for these receivables was recognised during the Relevant Periods.

In respect of trade receivables, the Group measures loss allowances at an amount equal to lifetime ECLs based on historical settlement records and forward-looking information. The Group has a large number of customers and there was no concentration of credit risk. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group considers that a default event occurs when there is significant decrease in services fee collection rate and estimates the expected credit loss rate for the Relevant Periods. Normally, the Group does not obtain collateral from customers.

The Group has no concentrations of credit risk in view of its large number of customers.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables due from third parties as at 31 December 2018, 2019 and 2020.

|                         | <b>At 31 December 2018</b>    |                                  |                           |
|-------------------------|-------------------------------|----------------------------------|---------------------------|
|                         | <b>Expected<br/>loss rate</b> | <b>Gross carrying<br/>amount</b> | <b>Loss<br/>allowance</b> |
|                         | <i>%</i>                      | <i>RMB'000</i>                   | <i>RMB'000</i>            |
| within 1 year . . . . . | 0.14%                         | 56,113                           | (78)                      |
| 1-2 years . . . . .     | 1.90%                         | 2,387                            | (45)                      |
| 2-3 years . . . . .     | 9.00%                         | 715                              | (64)                      |
| 3 to 4 years . . . . .  | 48.30%                        | 241                              | (116)                     |
| over 4 years . . . . .  | 100.00%                       | 225                              | (225)                     |
|                         |                               | 59,681                           | (528)                     |

| <b>At 31 December 2019</b> |                               |                                  |                           |
|----------------------------|-------------------------------|----------------------------------|---------------------------|
|                            | <b>Expected<br/>loss rate</b> | <b>Gross carrying<br/>amount</b> | <b>Loss<br/>allowance</b> |
|                            | %                             | <i>RMB'000</i>                   | <i>RMB'000</i>            |
| within 1 year . . . . .    | 0.47%                         | 80,498                           | (399)                     |
| 1-2 years . . . . .        | 8.60%                         | 2,295                            | (197)                     |
| 2-3 years . . . . .        | 26.30%                        | 1,066                            | (280)                     |
| 3 to 4 years . . . . .     | 66.20%                        | 434                              | (287)                     |
| over 4 years . . . . .     | 100.00%                       | 202                              | (202)                     |
|                            |                               | <u>84,495</u>                    | <u>(1,365)</u>            |

| <b>At 31 December 2020</b> |                               |                                  |                           |
|----------------------------|-------------------------------|----------------------------------|---------------------------|
|                            | <b>Expected<br/>loss rate</b> | <b>Gross carrying<br/>amount</b> | <b>Loss<br/>allowance</b> |
|                            | %                             | <i>RMB'000</i>                   | <i>RMB'000</i>            |
| within 1 year . . . . .    | 0.43%                         | 161,893                          | (697)                     |
| 1-2 years . . . . .        | 14.21%                        | 1,588                            | (226)                     |
| 2-3 years . . . . .        | 38.07%                        | 689                              | (262)                     |
| 3 to 4 years . . . . .     | 73.88%                        | 452                              | (334)                     |
| over 4 years . . . . .     | 100.00%                       | 276                              | (276)                     |
|                            |                               | <u>164,898</u>                   | <u>(1,795)</u>            |

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

**(b) Liquidity risk**

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

| At 31 December 2018                      |                                  |   |  |                      |                |                    |
|--|----------------------------------|---|--|----------------------|----------------|--------------------|
| Contractual undiscounted cash outflow    |                                  |   |  |                      |                |                    |
|  | Within<br>1 year or<br>on demand | More than<br>1 year but<br>less than<br>2 years | More than<br>2 years but<br>less than<br>5 years | More than<br>5 years | Total          | Carrying<br>amount |
|  | RMB'000                          | RMB'000   | RMB'000  | RMB'000              | RMB'000        | RMB'000            |
| Trade payables . . . . .                 | 18,128                           | –   | –  | –                    | 18,128         | 18,128             |
| Other payables and<br>accruals . . . . . | 86,654                           | –   | –  | –                    | 86,654         | 86,654             |
| Lease liabilities . . . . .              | 6,078                            | 6,034   | 11,712   | –                    | 23,824         | 21,676             |
|  | <u>110,860</u>                   | <u>6,034</u>                                    | <u>11,712</u>                                    | <u>–</u>             | <u>128,606</u> | <u>126,458</u>     |

| At 31 December 2019                      |                                  |   |  |                      |                |                    |
|--|----------------------------------|---|--|----------------------|----------------|--------------------|
| Contractual undiscounted cash outflow    |                                  |   |  |                      |                |                    |
|  | Within<br>1 year or<br>on demand | More than<br>1 year but<br>less than<br>2 years | More than<br>2 years but<br>less than<br>5 years | More than<br>5 years | Total          | Carrying<br>amount |
|  | RMB'000                          | RMB'000   | RMB'000  | RMB'000              | RMB'000        | RMB'000            |
| Trade payables . . . . .                 | 24,452                           | –   | –  | –                    | 24,452         | 24,452             |
| Other payables and<br>accruals . . . . . | 133,637                          | –   | –  | –                    | 133,637        | 133,637            |
| Long-term<br>borrowings . . . . .        | 118,529                          | 94,257  | 279,433  | 301,913              | 794,132        | 584,195            |
| Lease liabilities . . . . .              | 6,967                            | 6,739   | 6,322  | –                    | 20,028         | 18,661             |
|  | <u>283,585</u>                   | <u>100,996</u>                                  | <u>285,755</u>                                   | <u>301,913</u>       | <u>972,249</u> | <u>760,945</u>     |

| At 31 December 2020                      |                                  |   |  |                      |                |                    |
|--|----------------------------------|---|--|----------------------|----------------|--------------------|
| Contractual undiscounted cash outflow    |                                  |   |  |                      |                |                    |
|  | Within<br>1 year or<br>on demand | More than<br>1 year but<br>less than<br>2 years | More than<br>2 years but<br>less than<br>5 years | More than<br>5 years | Total          | Carrying<br>amount |
|  | RMB'000                          | RMB'000   | RMB'000  | RMB'000              | RMB'000        | RMB'000            |
| Trade payables . . . . .                 | 43,653                           | –   | –  | –                    | 43,653         | 43,653             |
| Other payables and<br>accruals . . . . . | 172,175                          | –   | –  | –                    | 172,175        | 172,175            |
| Lease liabilities . . . . .              | 7,844                            | 7,335   | 46,491   | –                    | 61,670         | 53,599             |
|  | <u>223,672</u>                   | <u>7,335</u>                                    | <u>46,491</u>                                    | <u>–</u>             | <u>277,498</u> | <u>269,427</u>     |

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowings issued at variable rates exposes the Group to cash flow interest rate risk. The Group is not subject to significant interest rate risk during the periods.

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

**(i) Interest rate profile**

|  | At 31 December          |                 |                         |                |                         |                 |
|--|-------------------------|-----------------|-------------------------|----------------|-------------------------|-----------------|
|  | 2018                    |                 | 2019                    |                | 2020                    |                 |
|  | Effective interest rate |                 | Effective interest rate |                | Effective interest rate |                 |
|  | %                       | RMB'000         | %                       | RMB'000        | %                       | RMB'000         |
| <b>Fixed rate financial instruments:</b> |                         |                 |                         |                |                         |                 |
| Due from related parties . . . . .       | –                       | –               | 8%                      | 600,000        | –                       | –               |
| Lease liabilities . . . . .              | 4.75%                   | (21,676)        | 4.75%                   | (18,661)       | 4.75%                   | (53,599)        |
| Long-term borrowings . . . . .           | –                       | –               | 8%                      | (584,195)      | –                       | –               |
| Total . . . . .                          |                         | <u>(21,676)</u> |                         | <u>(2,856)</u> |                         | <u>(53,599)</u> |

**27 CONTINGENT ASSETS AND LIABILITIES**

The Group did not have any material contingent liabilities as at 31 December 2018, 2019 and 2020.

**28 MATERIAL RELATED PARTY TRANSACTIONS****(a) Key management personnel remuneration**

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

|  | Years ended 31 December |              |              |
|--|-------------------------|--------------|--------------|
|  | 2018                    | 2019         | 2020         |
|  | RMB'000                 | RMB'000      | RMB'000      |
| Short-term employee benefits . . . . . | 14,782                  | 4,824        | 5,094        |
| Post-employment benefits . . . . .     | <u>47</u>               | <u>81</u>    | <u>72</u>    |
|  | <u>14,829</u>           | <u>4,905</u> | <u>5,166</u> |

Total remuneration is included in "staff costs" (see note 6(b)).

**(b) Significant related party transactions**

During each of the Relevant Periods, the Group entered into the following transactions with its related parties.

| Nature of related party   | Years ended 31 December |         |         |
|---|-------------------------|---------|---------|
|   | 2018                    | 2019    | 2020    |
|   | RMB'000                 | RMB'000 | RMB'000 |
| <b>Provision of property management services and other services</b>                           |                         |         |         |
| – Companies controlled by Mr. Liu Yonghao and Ms. Liu Chang (the “Ultimate Owners”) . . . . . | 46,829                  | 109,800 | 194,383 |
| – Associate of companies controlled by the Ultimate Owners . . . . .                          | 16,060                  | 22,665  | 47,989  |
| <b>Receiving services and cost sharing</b>  |                         |         |         |
| – Companies controlled by the Ultimate Owners . .   | 5,815                   | 11,612  | 15,045  |
| <b>Purchase of properties</b>   |                         |         |         |
| – Companies controlled by the Ultimate Owners . .   | 8,220                   | –       | 3,023   |
| <b>Interest income</b>  |                         |         |         |
| – Companies controlled by the Ultimate Owners . .   | –                       | 45,692  | 42,501  |
| <b>Disposal of assets</b>   |                         |         |         |
| – Companies controlled by the Ultimate Owners . .   | –                       | –       | 13,039  |
| <b>Offsetting with receivables</b>  |                         |         |         |
| – Companies controlled by the Ultimate Owners . .   | –                       | –       | 776,258 |

**(c) Balances with related parties**

Apart from the amount due to ABS related borrowings included in the long-term borrowings, the outstanding balances arising from above transactions at the combined statements of financial position are as follows:

|   | At 31 December |           |         |
|---|----------------|-----------|---------|
|   | 2018           | 2019      | 2020    |
|   | RMB'000        | RMB'000   | RMB'000 |
| <b>Amounts due from related companies</b>         |                |           |         |
| – Companies controlled by the Ultimate Owners . . | 339,088        | 1,103,462 | 173,402 |
| <b>Trade receivables</b>                          |                |           |         |
| – Companies controlled by the Ultimate Owners . . | 33,895         | 51,489    | 74,183  |
| <b>Trade payables</b>                             |                |           |         |
| – Companies controlled by the Ultimate Owners . . | 123            | 234       | 1,806   |
| <b>Contract liabilities</b>                       |                |           |         |
| – Companies controlled by the Ultimate Owners . . | 639            | 10,077    | 7,027   |
| <b>Amounts due to related companies</b>           |                |           |         |
| – Companies controlled by the Ultimate Owners . . | 16,884         | 39,724    | 43      |



As at 31 December 2018, 2019 and 2020, the deposits place with a fellow subsidiary controlled by the Ultimate Owners amounted to RMB111,307,000, RMB44,173,000 and RMB5,000, respectively.

As at 31 December 2018, 2019 and 2020, nil, RMB600,000,000 and nil of receivables due from related parties are subject to fixed interest rate of 8%. Except for above, all other amounts due from/to related parties are unsecured and interest-free and are repayable on demand.

Except for amounts due from related parties and amounts due to related parties, all other balance with related parties are trade in nature. The directors of the Group confirm that the amounts due from related parties will be fully repaid prior to the initial listing of the shares of the Company.

**(d) Name and relationship with related parties**

During the Relevant Periods, transactions with the following parties are considered as material related party transactions:

| Name of related party   | Relationship with the Group               |
|---|---|
| Sichuan New Hope Property Development Co., Ltd.*<br>四川新希望房地產開發有限公司 . . . . .                            | Company Controlled by the Ultimate Owners |
| Yongjia Wanxin Hengjin Real Estate Co., Ltd.*<br>永嘉萬新恒錦置業有限公司 . . . . .                                 | Company Controlled by the Ultimate Owners |
| Suzhou Jinguan Real Estate Co., Ltd.*<br>蘇州錦官置業有限公司 . . . . .   | Company Controlled by the Ultimate Owners |
| Chengdu Jinjiang Xiaokang Comprehensive Outpatient Department Co., Ltd.*<br>成都錦江曉康之家綜合門診部有限公司 . . . . . | Company Controlled by the Ultimate Owners |
| Wenzhou New Hope Real Estate Co., Ltd.*<br>溫州新希望置業有限公司 . . . . .  | Company Controlled by the Ultimate Owners |
| Suzhou New Hope Real Estate Co., Ltd.*<br>蘇州新希望置業有限公司 . . . . .   | Company Controlled by the Ultimate Owners |
| Chengdu New Hope Real Estate Co., Ltd.*<br>成都新希望置業有限公司 . . . . .  | Company Controlled by the Ultimate Owners |
| Shenyang New Hope Real Estate Co., Ltd.*<br>瀋陽新希望置業有限公司 . . . . .                                       | Company Controlled by the Ultimate Owners |
| Nanning Jinguan Real Estate Co., Ltd.*<br>南寧錦官置業有限公司 . . . . .  | Company Controlled by the Ultimate Owners |
| Wenzhou Chengyu Real Estate Co., Ltd.*<br>溫州誠裕置業有限公司 . . . . .  | Company Controlled by the Ultimate Owners |
| Kunming Dashanghui Industry Co., Ltd.*<br>昆明大商匯實業有限公司 . . . . .   | Company Controlled by the Ultimate Owners |
| Chengdu Jinge Decoration Co., Ltd.*<br>成都錦閣裝飾有限公司 . . . . .   | Company Controlled by the Ultimate Owners |
| Nanning Dashanghui Industry Co., Ltd.*<br>南寧大商匯實業有限公司 . . . . .   | Company Controlled by the Ultimate Owners |
| Chongqing Yujinyue Property Development Co., Ltd.*<br>重慶渝錦悅房地產開發有限公司 . . . . .                          | Company Controlled by the Ultimate Owners |
| Ningbo Jinfu Real Estate Co., Ltd.*<br>寧波錦府置業有限公司 . . . . .   | Company Controlled by the Ultimate Owners |
| Hangzhou Xinjin Real Estate Co., Ltd.*<br>杭州新錦置業有限公司 . . . . .  | Company Controlled by the Ultimate Owners |
| Sichuan Guida Industry Co., Ltd.*<br>四川貴達實業有限公司 . . . . .   | Company Controlled by the Ultimate Owners |
| Wenzhou Xinjintian Real Estate Co., Ltd.*<br>溫州新錦天置業有限公司 . . . . .                                      | Company Controlled by the Ultimate Owners |
| Suzhou Jinlin Real Estate Co., Ltd.*<br>蘇州錦麟置業有限公司 . . . . .  | Company Controlled by the Ultimate Owners |

| Name of related party   | Relationship with the Group                                 |
|---|---|
| Dalian New Hope Jinguan Real Estate Co., Ltd.*<br>大連新希望錦官置業有限公司 . . . . .       | Company Controlled by the Ultimate Owners                   |
| Hangzhou Jinling Real Estate Co., Ltd.*<br>杭州錦翎置業有限公司 . . . . .                 | Company Controlled by the Ultimate Owners                   |
| Jiaxing Jinhe Real Estate Co., Ltd.*<br>嘉興錦禾置業有限公司 . . . . .                    | Company Controlled by the Ultimate Owners                   |
| Ningbo Yuerongxin Real Estate Co., Ltd.*<br>寧波悅融新置業有限公司 . . . . .               | Company Controlled by the Ultimate Owners                   |
| Jiaying Xinchuan Real Estate Co., Ltd.*<br>嘉興新川置業有限公司 . . . . .                 | Company Controlled by the Ultimate Owners                   |
| Chengdu Xingding Real Estate Co., Ltd.*<br>成都興鼎置業有限公司 . . . . .                 | Company Controlled by the Ultimate Owners                   |
| Ningbo Hongxin Real Estate Development Co.,<br>Ltd.*<br>寧波弘新房地產開發有限公司 . . . . . | Company Controlled by the Ultimate Owners                   |
| Dalian Chengchuan Real Estate Co., Ltd.*<br>大連承川置業有限公司 . . . . .                | Company Controlled by the Ultimate Owners                   |
| Shenyang New Hope Xinyu Real Estate Co., Ltd.*<br>瀋陽新希望新裕置業有限公司 . . . . .       | Company Controlled by the Ultimate Owners                   |
| Ningbo Dingtuo Real Estate Co., Ltd.*<br>寧波鼎拓置業有限公司 . . . . .                   | Company Controlled by the Ultimate Owners                   |
| Chengdu Huijiang Real Estate Co., Ltd.*<br>成都暉江置業有限公司 . . . . .                 | Company Controlled by the Ultimate Owners                   |
| Nanjing Jinzhi Real Estate Co., Ltd.*<br>南京錦致置業有限公司 . . . . .                   | Associate of companies controlled by the Ultimate<br>Owners |
| Wenzhou Xinyu Real Estate Co., Ltd.*<br>溫州新裕置業有限公司 . . . . .                    | Associate of companies controlled by the Ultimate<br>Owners |
| Kunming New Hope Real Estate Co., Ltd.*<br>昆明新希望置業有限公司 . . . . .                | Associate of companies controlled by the Ultimate<br>Owners |
| Ningbo Chenxi Real Estate Co., Ltd.*<br>寧波辰新置業有限公司 . . . . .                    | Associate of companies controlled by the Ultimate<br>Owners |
| Chengdu Hengji Real Estate Co., Ltd.*<br>成都恒基隆置業有限公司 . . . . .                  | Associate of companies controlled by the Ultimate<br>Owners |
| Jiaying Xinjin Real Estate Co., Ltd.*<br>嘉興新錦置業有限公司 . . . . .                   | Associate of companies controlled by the Ultimate<br>Owners |
| Chengdu Shenlong Property Development Co., Ltd.*<br>成都申龍房地產開發有限公司 . . . . .     | Associate of companies controlled by the Ultimate<br>Owners |
| New Hope Liuhe Fodder Co., Ltd.*<br>新希望六和飼料股份有限公司 . . . . .                     | Associate of companies controlled by the Ultimate<br>Owners |
| Nanning Xinyong Real Estate Co., Ltd.*<br>南寧新邕置業有限公司 . . . . .                  | Associate of companies controlled by the Ultimate<br>Owners |
| Kunming Yalong Real Estate Development Co.,<br>Ltd.*<br>昆明雅龍房地產開發有限公司 . . . . . | Associate of companies controlled by the Ultimate<br>Owners |
| Sichuan New Hope Industry Co., Ltd.*<br>四川新希望實業有限公司 . . . . .                   | Associate of companies controlled by the Ultimate<br>Owners |
| Ruian Xinyuhengjin Real Estate Co., Ltd.*<br>瑞安新裕恒錦置業有限公司 . . . . .             | Associate of companies controlled by the Ultimate<br>Owners |

\* The English names of the companies which operate in the PRC are for reference only and have not been registered.

## 29 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In February 2021, the Company has been injected by cash with the amount of approximately US\$17.8 million (equivalent to RMB116.1 million) from the shareholders.

**30 IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

At December 31, 2018, 2019 and 2020, the directors of the Company consider the ultimate controlling party of the Group to be Mr. Liu Yonghao and Ms. Liu Chang. After completion of the Reorganisation, the immediate controlling party of the Group is Golden Rose Developments Limited.

**31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2020**

Up to the date of issue of this report, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the accounting period beginning on 1 January 2020 and which have not been adopted in the Historical Financial Information:

|  | <b>Effective for<br/>accounting periods<br/>beginning on or after</b> |
|--|---|
| IFRS 17, <i>Insurance contracts</i>  | 1 January 2023  |
| Amendments to IAS 1, <i>Classification of liabilities as current or non-current</i>  | 1 January 2023  |
| Annual Improvements to IFRSs 2018 – 2020 Cycle   | 1 January 2022  |
| Amendment to IFRS 3, <i>Reference to the Conceptual Framework</i>  | 1 January 2022  |
| Amendment to IAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>  | 1 January 2022  |
| Amendment to IAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i>  | 1 January 2022  |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, <i>Interest Rate Benchmark Reform – Phase 2</i>                      | 1 January 2021  |
| Amendment to IFRS 16, <i>Covid-19-Related Rent Concessions</i>   | 1 June 2020   |
| Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i> | To be determined at a future date                                     |
| Amendments to IFRS 4, <i>Extension of the temporary exemption from applying IFRS 9</i>   | To be determined at a future date                                     |

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the combined financial statements.

**SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or its subsidiaries comprising the Group in respect of any period subsequent to 31 December 2020.

The following information does not form part of the Accountants' Report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the historical financial information included in the Accountants' Report set out in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to the equity shareholders of the Company as at 31 December 2020 as if the Global Offering had taken place on 31 December 2020.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 31 December 2020 or at any future date.

|                                       | Combined net tangible assets attributable to the equity shareholders of the Company as at 31 December 2020 <sup>(1)</sup> | Effect on the completion of Reorganization before the Global Offering <sup>(2)</sup> | Estimated net proceeds from the Global Offering <sup>(3)</sup> | Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company as at 31 December 2020 |   |                     |
|---------------------------------------|---|--|--|--|---|---------------------|
|                                       |   |  |  | Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company as at 31 December 2020 | Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share |                     |
|                                       | RMB'000   | RMB'000  | RMB'000  | RMB'000  | RMB <sup>(4)</sup>  | HK\$ <sup>(5)</sup> |
| Based on an Offer                     |   |  |  |  |   |                     |
| Price of HK\$3.80 per Share . . . . . | 139,499   | 963  | 590,119  | 730,581  | 0.91  | 1.08                |
| Based on an Offer                     |   |  |  |  |   |                     |
| Price of HK\$4.70 per Share . . . . . | 139,499   | 963  | 737,058  | 877,520  | 1.10  | 1.31                |

*Notes:*

- (1) The combined net tangible assets attributable to the equity shareholders of the Company as at 31 December 2020 is based on the combined total equity attributable to the equity shareholders of the Company as at 31 December 2020 of RMB145,298,000 after deduction of intangible assets of RMB5,799,000 as shown in the Accountants' Report set out in Appendix I to this prospectus.

- (2) In preparation of the Global Offering, the Group immediately underwent the Reorganization as set out in the section headed “History, Reorganization and Corporate Structure” of this prospectus. The adjustment represents net effects of certain transactions of the Reorganization, which were completed after 31 December 2020, details of which are as follows:
- (i) Cash consideration of RMB107.7 million and RMB7.4 million paid or payable in connection with the acquisition of 90.8% and 6.2% of the equity interests in New Hope Service from New Hope Property and Yunjing Guanlan; and
  - (ii) Capital injections by shareholders of the Company of RMB116.1 million to the Company.

Details of the Reorganization mentioned above are set out in the section headed “History, Reorganization and Corporate Structure” in this prospectus.

- (3) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK\$3.80 per Share (being the minimum Offer Price) and HK\$4.70 per Share (being the maximum Offer Price), after deduction of the underwriting fees and other related expenses paid or payable by the Group (excluding the expenses that have been charged to profit or loss during the Track Record Period), and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme. The estimated net proceeds of the Global Offering have been converted to Renminbi at the PBOC rate of HK\$1.00 to RMB0.84 prevailing on 31 December 2020. No representation is made that Hong Kong dollars amount have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rate.
- (4) The unaudited pro forma adjusted net tangible assets per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 800,000,000 Shares, being the number of shares expected to be in issue following the completion of, the Capitalisation Issue and the Global Offering, and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme.
- (5) The unaudited pro forma adjusted net tangible assets per Share amounts in RMB are converted to Hong Kong dollar with the PBOC rate of RMB1.00 to HK\$1.19 prevailing on 31 December 2020. No representation is made that Renminbi amount have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rate.
- (6) Saved as disclosed above, no adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2020.

**B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.*

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF NEW HOPE SERVICE HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of New Hope Service Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 31 December 2020 and related notes as set out in Part A of Appendix II to the prospectus dated 11 May 2021 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at 31 December 2020 as if the Global Offering had taken place at 31 December 2020. As part of this process, information about the Group's financial position as at 31 December 2020 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

**Directors' Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 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 (“HKSAE”) 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group 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 events or transactions as at 31 December 2020 would have been as presented.

A reasonable assurance engagement to report on whether the 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 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 pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.



**Opinion**

In our opinion:

- (a) the pro forma financial information has been properly compiled 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 pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

11 May 2021

*The following is the text of a letter, summary of values and valuation report prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their opinion of values of the property interests held or leased by the Group as at March 31, 2021.*

The Directors  
New Hope Service Holdings Limited  
16/F, Building 2  
New Hope Zhongding International  
No. 366 Jinshi Road  
Jinjiang District  
Chengdu  
Sichuan Province  
PRC



Savills Valuation and  
Professional Services Limited  
Room 1208  
1111 King's Road  
Taikoo Shing, Hong Kong

T : (852) 2801 6100  
F : (852) 2530 0756

EA Licence: C-023750  
savills.com

May 11, 2021

Dear Sirs,

### **INSTRUCTIONS**

In accordance with your instructions to us to value the properties (the “properties”) situated in the People’s Republic of China (the “PRC”) in which New Hope Service Holdings Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market values of the properties as at March 31, 2021 (the “valuation date”) for incorporation in a public offering document.

### **BASIS OF VALUATION**

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“HKIS”), which incorporates the International Valuation Standards (“IVS”), and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **IDENTIFICATION AND STATUS OF THE VALUER**

The subject valuation exercise is handled by Mr. Anthony C.K. Lau, who is a Director of Savills Valuation and Professional Services Limited (“SVPSL”) and a corporate member of HKIS with over 28 years’ experience in valuation of properties in the PRC and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the properties, SVPSL had not been involved in valuation of the properties in the last 12 months.

We are independent of the Group. We are not aware of any instances which would give rise to potential conflict of interest from SVPSL or Mr. Lau in the subject exercise. We confirm SVPSL and Mr. Lau are in the position to provide objective and unbiased valuation for the properties.

### **PROPERTY CATEGORIZATION AND VALUATION METHODOLOGY**

In valuing the property in Group I, which is owned by the Group for sale or lease in the PRC, we have valued such property by the market approach assuming sales with the benefit of vacant possession by making reference to comparable sales evidences as available in the market.

In valuing the properties in Group II, which are leased by the Group for investment in the PRC, we have assigned no commercial value to such properties due to the prohibition against assignment.

### **TITLE INVESTIGATION**

We have been provided with copies of the title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course

of our valuation, we have relied to a considerable extent on the information given by the Group and the legal opinion issued by the Group's PRC legal adviser, Commerce & Finance Law Offices, regarding the titles to the properties.

### **SOURCE OF INFORMATION**

We have relied to a considerable extent on information and advice from the Group on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, completion dates, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

### **VALUATION ASSUMPTIONS**

In valuing the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable have already been fully paid. Unless otherwise stated, we have also assumed that the Group has good legal titles to the properties and has free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

### **SITE INSPECTION**

We have inspected the exterior and where possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation and any other defects. No tests were carried out on any of the services. The site inspections of Property Nos. 1 and 3 were carried out on February 4, 2021 by Ms. June Yang and Mr. Tianhao Liang of our Chengdu office respectively and Property No. 2 was carried out on March 23, 2021 by Ms. Vivi Zhang of our Beijing office.

**CURRENCY**

Unless otherwise stated, all money amounts stated are in Renminbi (“RMB”).

We enclose herewith our summary of values and valuation report.

Yours faithfully,  
For and on behalf of  
**Savills Valuation and Professional Services Limited**

**Anthony C.K. Lau**  
*MRICS MHKIS RPS (GP)*  
*Director*

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*Note:* Mr. Anthony C.K. Lau is a professional surveyor who has over 28 years’ experience in valuation of properties in the PRC.

## SUMMARY OF VALUES

| No.  | Property  | Market value in<br>existing state as at<br>March 31, 2021 | Interests<br>attributable to<br>the Group | Market value<br>attributable to the<br>Group as at<br>March 31, 2021 |
|--|---|---|---|--|
|  |   | <i>(RMB)</i>  |   | <i>(RMB)</i>   |
| <b>Group I – Property held by the Group for sale or lease in the PRC</b>   |   |   |   |  |
| 1.   | 180 car parking spaces in Basement,<br>Nos. 132, 230, 297, 313 and 323<br>of Block 2 of New Hope Jinguan<br>Hongnan Harbor<br>(新希望錦官紅南港),<br>No. 5 Second Outer Ring Road West<br>Section One,<br>Wuhou District,<br>Chengdu,<br>Sichuan Province,<br>PRC | 13,400,000  | 100%                                      | 13,400,000   |
|  | <b>Group I Sub-total:</b>   | <b>13,400,000</b>   |   | <b>13,400,000</b>  |
| <b>Group II – Properties leased by the Group for investment in the PRC</b> |   |   |   |  |
| 2.   | Various retail units of<br>Buildings 1 to 5,<br>Bailuli (白麓里) of<br>Wanluyuan (萬麓園),<br>No. 356 Wanyuan Road,<br>Nanhui Street Zone,<br>Lucheng District,<br>Wenzhou,<br>Zhejiang Province,<br>PRC  |   |   | No commercial value  |
| 3.   | Various retail units of<br>Buildings 5 and 8,<br>Xiwanghui Shuajie (希望蒼要街),<br>Shanghui Road and Wangjiang Road,<br>Xishan District,<br>Kunming,<br>Yunnan Province,<br>PRC   |   |   | No commercial value  |
|  | <b>Group II Sub-total:</b>  |   |   | <b>Nil</b>   |
|  | <b>Grand total:</b>   | <b>13,400,000</b>   |   | <b>13,400,000</b>  |

## VALUATION REPORT

## Group I – Property held by the Group for sale or lease in the PRC

| No. | Property   | Description and tenure  | Particulars of occupancy   | Market value in existing state as at March 31, 2021  |
|-----|--|---|--|--|
| 1.  | 180 car parking spaces in Basement, Nos. 132, 230, 297, 313 and 323 of Block 2 of New Hope Jingtuan Hongnan Harbor (新希望錦官紅南港), No. 5 Second Outer Ring Road West Section One, Wuhou District, Chengdu, Sichuan Province, PRC | <p>Hongnan Harbor (the “Development”) is a residential development erected on a parcel of land with a site area of approximately 18,698.08 sq.m. and was completed in 2008.</p> <p>The Development is situated at the southwestern side of Second Outer Ring Road West Section One and the northeastern side of Yongsheng South Street in Wuhou District, Chengdu. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minutes’ drive from the Development to the city centre of Chengdu.</p> <p>According to the information provided by the Group, the property comprises 180 underground car parking spaces of the Development with a total gross floor area of approximately 5,459.30 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on April 26, 2069 for residential (underground car parking) use.</p> | As advised by the Group, 51 car parking spaces of the property were temporarily occupied by an independent third party free of charge, which could be reverted to the Group when the Group intends to sell or lease the car parking spaces. The remaining car parking spaces were either let on monthly or hourly basis. | <p>RMB13,400,000 (Renminbi Thirteen Million and Four Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB13,400,000 (Renminbi Thirteen Million and Four Hundred Thousand))</p> |

*Notes:*

1. Pursuant to a Real Estate Title Certificate – Chuan (2019) Cheng Du Shi Bu Dong Chan Quan No. 0366510 dated September 27, 2019, the building ownership of the property with a gross floor area of 5,459.30 sq.m. together with its corresponding land use rights with a site area of 18,698.08 sq.m. have been granted to New Hope Property Management Service Group Co., Ltd. (新希望物業服務集團有限公司) (formerly known as Sichuan Dingsheng Property Service Group Co., Ltd. (四川鼎晟物業服務集團有限公司) (“New Hope Service”), a wholly-owned subsidiary of the Company, for a term expiring on April 26, 2069 for residential (underground car parking) use.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. New Hope Service has obtained the building ownership rights of the property and is entitled to occupy, use, earn from or dispose of the property. New Hope Service can also transfer the property by means of strata-title sale.
3. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range between RMB50,000 to 80,000 per car parking space. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, quality and size in arriving at the key assumptions.

## VALUATION REPORT

## Group II – Properties leased by the Group for investment in the PRC

| No. | Property  | Description   | Particulars of occupancy   | Market value in existing state as at March 31, 2021 |
|-----|---|---|--|---|
| 2.  | Various retail units of Buildings 1 to 5, Bailuli (白麓里) of Wanluyuan (萬麓園), No. 356 Wanyuan Road, Nanhui Street Zone, Lucheng District, Wenzhou, Zhejiang Province, PRC | <p>Bailuli (the “Development”) is a commercial outlet and was completed in 2019.</p> <p>The Development is situated at the southeastern side of the intersection between Shifu Road and Wanyuan Road in Lucheng District, Wenzhou. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 5-minutes’ drive from the Development to the city government of Wenzhou.</p> <p>According to the information provided by the Group, the property comprises various retail units of five buildings of the Development with a total gross floor area of approximately 14,361.67 sq.m.</p> | <p>Pursuant to 128 Entrusted Operation and Management Agreements, individual owners of the property have agreed to provide their retail units to New Hope Property Management Service Group Co., Ltd. Wenzhou Sub-branch (新希望物業服務集團有限公司溫州分公司) (formerly known as Sichuan Dingsheng Assets Management Co., Ltd. Wenzhou Sub-branch (四川鼎晟資產管理有限責任公司溫州分公司) (“New Hope Service Wenzhou Sub-branch”) for their operation and management for a term of five years commencing on January 1, 2020. The fee payable to the individual owners are as follows:</p> <p>Years 1 – 3: Nil<br/>Years 4 – 5: Approximately RMB1,900,000 (exclusive of VAT) per month</p> <p>Portions of the property with a total gross floor area of approximately 13,555.17 sq.m. were sublet by Sichuan New Hope Commercial Management Co., Ltd. Wenzhou Sub-branch (四川新希望商業管理有限公司溫州分公司) (“New Hope Commercial Wenzhou Sub-branch”) and Sichuan New Hope Commercial Management Co., Ltd. Lucheng Sub-branch (四川新希望商業管理有限公司鹿城分公司) (“New Hope Commercial Lucheng Sub-branch”) to various tenants. The total rental income was approximately RMB2,600,000 (exclusive of VAT) in the 1st quarter of 2021.</p> | <p>No commercial value<br/>(refer to Note 2)</p>    |



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*Notes:*

1. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
  - i. New Hope Commercial Wenzhou Sub-branch and New Hope Commercial Lucheng Sub-branch are entitled to sublet the property and collect the relevant payment as stated in the agreements. Those tenancy agreements are legal and effective;
  - ii. the tenancy agreements have not been registered; and
  - iii. the non-registration does not affect the validity of the tenancy agreements, but it may be ordered by the relevant authority to perform the registration within a prescribed period, failing which a penalty of not more than RMB10,000 may be charged.
2. In the course of our valuation, we have assigned no commercial value to the property due to the prohibition against assignment.
3. As advised by the Company, each of the individual owners of the 128 Entrusted Operation and Management Agreements is an independent third party to the Group.

## VALUATION REPORT

| No. | Property   | Description  | Particulars of occupancy  | Market value in existing state as at March 31, 2021 |
|-----|--|--|---|---|
| 3.  | Various retail units of Buildings 5 and 8, Xiwanghui Shuajie (希望薈要街), Shanghui Road and Wangjiang Road, Xishan District, Kunming, Yunnan Province, PRC | <p>Xiwanghui Shuajie (the “Development”) is a commercial outlet erected on a parcel of land with a site area of approximately 84,749.85 sq.m. and was completed in 2016.</p> <p>The Development is situated at the southwestern side of the intersection between Shanghui Road and Wangjiang Road in Xishan District, Kunming. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 15-minutes’ drive from the Development to Kunming Station.</p> <p>According to the information provided by the Group, the property comprises various retail units of two buildings of the Development with a total gross floor area of approximately 23,762.16 sq.m.</p> | <p>As at the valuation date, the property was leased from Kunming Dashanghui Industry Co., Ltd. (昆明大商匯實業有限公司) (“Kunming Dashanghui”) by Yunnan Dashanghui Commercial Development Co., Ltd. (雲南大商匯商業發展有限公司) (“Yunnan Dashanghui”), a wholly-owned subsidiary of the Company, for a term of 5 years from January 1, 2018 to December 31, 2022 at a total annual rent of RMB5,376,476.25 (exclusive of VAT).</p> <p>Portions of the property with a total gross floor area of approximately 22,941.91 sq.m. were sublet by Yunnan Dashanghui to various tenants. The total rental income was approximately RMB2,100,000 (exclusive of VAT) in the 1st quarter of 2021.</p> | <p>No commercial value (refer to Note 3)</p>        |

*Notes:*

1. Pursuant to a Land Use Rights Certificate – Xi Guo Yong (2013) No. 00092, the land use rights of the property with a site area of 84,749.85 sq.m. have been granted to Kunming Dashanghui for two concurrent terms expiring on August 30, 2053 and August 30, 2083 for commercial and residential uses respectively.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. Yunnan Dashanghui is entitled to occupy or use the property;
  - ii. the tenancy agreements have not been registered; and
  - iii. the non-registration does not affect the validity of the tenancy agreements, but it may be ordered by the relevant authority to perform the registration within a prescribed period, failing which a penalty of not more than RMB10,000 may be charged.
3. In the course of our valuation, we have assigned no commercial value to the property due to the prohibition against assignment.

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 Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 5, 2020 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (“**Memorandum**”) and its Amended and Restated Articles of Association (“**Articles**”).

## 1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since 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) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

## 2. ARTICLES OF ASSOCIATION

The Articles were adopted on April 30, 2021. A summary of certain provisions of the Articles is set out below.

### (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 any class of shares may (unless otherwise provided for by the terms of issue of the shares 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. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that

the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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 an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

*(iv) Transfer of shares*

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided 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 register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

***(v) Power of the Company to purchase its own shares***

The Company may 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 requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

*(vi) Power of any subsidiary of the Company to own shares in the Company*

There are no provisions in the Articles relating to the 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 as it thinks fit 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) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment 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 20% per annum as the Board shall fix from the day appointed for payment 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, 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, nevertheless, 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 payment at such rate not exceeding 20% per annum as the Board may prescribe.

**(b) Directors**

*(i) Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term 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 the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resigns;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time 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 also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers 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, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) 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 shall be 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.

Neither the Company nor the Board shall be 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 whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall 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*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may 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, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

*(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 uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, 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 Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board goes beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, 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 shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(vi) Compensation or payments for loss of office*

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

*(vii) Loans and provision of security for loans to Directors*

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

*(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with 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 for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be

or become a director, officer or member of 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 or other benefits received by him as a director, officer or member of 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 in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, 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 for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) 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/have 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 proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or 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 proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) 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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

***(ix) Proceedings of the Board***

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

**(c) Alterations to the constitutional documents and the Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

**(d) Meetings of member**

***(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 by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An “ordinary resolution”, by contrast, is 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 members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

*(ii) Voting rights and right to demand a poll*

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised 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 authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

*(iii) Annual general meetings*

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

*(iv) Requisition of general meetings*

Extraordinary general meetings may be convened on the requisition of one or more members 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 of the Company 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 two 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 (themselves) may do so in the same manner, 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.

*(v) Notices of meetings and business to be conducted*

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.



Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

*(vi) 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, and continues to be present until the conclusion of the meeting.

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 authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned 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.

*(vii) 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 shall be 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 shall be 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 if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

**(e) Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The members may, at a general meeting remove the auditor(s) by a special resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

**(f) 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.

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 of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) 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 members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' 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 monies 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, 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.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

**(g) Inspection of corporate records**

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

**(h) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

**(i) 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, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction 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 consist of property of one kind or 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 so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

**(j) Subscription rights reserve**

Provided that it is not prohibited by and is otherwise 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

**3. CAYMAN ISLANDS COMPANY LAW**

The Company was incorporated in the Cayman Islands as an exempted company on 28 October 2020 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**(a) Company operations**

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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 authorised share capital.

**(b) Share capital**

Under the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, 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.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so 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 are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. 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 authorised 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 member and, for the avoidance of doubt, 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 authorised to do so

by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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 that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, 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, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

**(g) Disposal of assets**

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

**(h) Accounting and auditing requirements**

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

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.



If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
  - (aa) on or in respect of the shares, debentures or other obligations of the Company;  
or
  - (bb) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The undertaking for the Company is for a period of 30 years from November 10, 2020.

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.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

**(m) Inspection of corporate records**

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

**(n) Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2013 Revision) of the Cayman Islands.

**(o) Register of Directors and officers**

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate 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 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

**(p) Winding up**

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a 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 the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall 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.

**(q) Reconstructions**

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

**(r) Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

**(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

**4. GENERAL**

Appleby, the Company's legal advisor on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the 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 VI. 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 COMPANY****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 November 5, 2020. Our Company has established its principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai 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 January 22, 2021. Ms. Chen Jing and Mr. Lau Kwok Yin have been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Cayman Islands Companies Law and to its constitution, which comprises of the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles and relevant aspects of the Cayman Islands Companies Law is set out in "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix IV 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 with a par value of HK\$0.01 each. Upon its incorporation, one ordinary Share of a par value of HK\$0.01 was allotted and issued to an Independent Third Party on November 5, 2020, which was then transferred to Golden Rose on the same date. On the same date, our Company further allotted and issued 99 Shares to Golden Rose.

On January 8, 2020, 8,980 Shares and 620 Shares were allotted and issued to Golden Rose and New Voyage at the consideration equivalent to RMB107,740,100 and RMB7,356,700, respectively. On the same date, 300 Shares were allotted and issued to August Mist in consideration of the transfer of Step Viral from August Mist. Upon completion of such issue and allotments, our Company was owned as to 90.8% by Golden Rose, 6.2% by New Voyage and 3.0% by August Mist.

Pursuant to the written resolutions of our Shareholders passed on April 30, 2021, the authorized share capital of our company was increased from HK\$380,000 to HK\$25,000,000 divided into 2,500,000,000 Shares by the creation of additional 2,462,000,000 Shares.

Immediately following completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$8,000,000 divided into 800,000,000 Shares, all fully paid or credited as fully paid, and 1,700,000,000 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 Share Capital of Our Subsidiaries

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. The following alteration in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

#### *Sichuan New Foodism Catering Service Co., Ltd.\* (四川新食主義餐飲服務有限公司)*

On August 21, 2019, the registered capital of Sichuan New Foodism Catering Service Co., Ltd was increased from RMB2 million to RMB10 million.

### 4. Written resolutions of our Shareholders passed on April 30, 2021

Pursuant to the written resolutions passed by our Shareholders on April 30, 2021, among other matters:

- (a) our Company approved and adopted the amended and restated Memorandum with immediate effect and the Articles with effect from the Listing Date;
- (b) the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of a par value of HK\$0.01 each to HK\$25,000,000 divided into 2,500,000,000 Shares of a nominal value of HK\$0.01 each by the creation of additional 2,462,000,000 Shares, which rank *pari passu* in all respects with the Shares in issue as of the date of such resolutions;
- (c) conditional on (aa) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and Shares to be allotted and issued pursuant to the Capitalization Issue and the Global Offering and Shares to be issued as mentioned in this prospectus (including any additional Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme); (bb) the Offer Price has been duly determined; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements:
  - (i) the Global Offering was approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering;
  - (ii) the Over-allotment Option was approved and our Directors were authorized to allot and issue the Shares upon the exercise of the Over-allotment Option;

- (iii) the rules of the Share Option Scheme, the principal terms and conditions of which are set out in “D. Other Information—1. Share Option Scheme” below in this Appendix, were approved and adopted and our Directors were authorized, at their absolute discretion, to grant options to subscribe for Shares thereunder and to issue, allot and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme;
- (iv) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize the sum of HK\$5,999,900 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 599,990,000 Shares for allotment and issue, credited as fully paid, to holders of Shares whose name(s) appeared on the register of members of our Company on the date of passing this resolution in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and our Directors were authorized to allot and issue the Shares under the Capitalisation Issue and to give effect to such capitalization;
- (v) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;
- (vi) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase on the Stock Exchange or any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (but taking no account of any Shares which may



be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

- (vii) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the number of issued Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares repurchased by our Company pursuant to the mandate to buy back Shares referred to in paragraph (v) above.

## 5. Reorganization

In preparation for the Listing, the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. See “History, Reorganization and Corporate Structure” for more details with regard to the Reorganization.

## 6. Buy-back by our Company of its own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the buy-back by our Company of its own securities.

### (a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to buy-back their securities on the Stock Exchange subject to certain restrictions.

#### (i) Shareholders’ approval

The Listing Rules provide that all proposed buy-backs of shares (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 of a particular transaction.

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*Note:* Pursuant to the written resolutions passed by our Shareholder on April 30, 2021, a general unconditional mandate (the “**Buy-back Mandate**”) was given to our Directors to exercise all powers of our Company to buy-back on the Stock Exchange, or any other stock exchange on which the Shares may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, Shares representing up to 10% of the total number of our Shares in issue immediately following completion of the Capitalization Issue and the Global Offering but excluding the Shares which may be allotted and issued pursuant to the exercise of the



Over-allotment Option or any options that may be granted under the Share Option Scheme, and the Buy-back Mandate shall remain in effect until the conclusion of the next year annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, which occurs first.

*(ii) Source of funds*

Buy-backs must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of Cayman Islands. A listed company may not buy-back its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Under the Cayman Islands laws, any buy-back(s) by our Company may be made out of profits of our Company, out of our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the buy-back. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of either or both of the profits of our Company or the share premium account of our Company. Subject to the provisions of the Cayman Islands Companies Law, a repurchase of Shares may also be paid out of capital.

*(iii) Core connected persons*

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person", which includes a Director, chief executive or substantial Shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly selling Shares to our company.

***(b) Reasons for buy-backs***

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to buy-back Shares in the market. Such buy-backs may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or its earnings per Share and will only be made when our Directors believe that such buy-backs will benefit our Company and our Shareholders.

(c) *Funding of buy-backs*

In buying-back Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Buy-back Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. Therefore, our Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

(d) *Share capital*

The exercise in full of the Buy-back Mandate, on the basis of 800,000,000 Shares in issue immediately after the Listing (but not taking into account of our Shares which may be issued pursuant to the exercise of the Over-allotment Option), would result in up to 80,000,000 Shares being bought back by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) *General*

None of our Directors nor, to the best of their knowledge, information and belief and having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Buy-back Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a buy-back of Shares pursuant to the Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence which would arise under the Takeovers Code as a result of a buy-back pursuant to the Buy-back Mandate.

If the Buyback Mandate is fully exercised immediately following completion of the Capitalization Issue and the Global Offering (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be 80,000,000 Shares, being 10% of the total number of Shares based on the aforesaid assumptions. The percentage shareholding of our Controlling Shareholders will be increased to approximately 75.7% of the issued share capital of our Company immediately following the full exercise of the Buy-back Mandate. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buy-back Mandate to such an extent that, in the circumstances there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Buy-back 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 that are or may be material:

- (a) an equity transfer agreement dated May 25, 2020 and entered into between Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司) and Tidal Investment PTE. Ltd., pursuant to which Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司) transferred 3% equity interest in New Hope Property Management Service Group Co., Ltd. (新希望物業服務集團有限公司) to Tidal Investment PTE. Ltd. at the consideration of USD359,200;

- (b) an equity transfer agreement dated December 25, 2020 and entered into between Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司), Chengdu Yunjing Guanlan Enterprise Management Co., Ltd. (成都雲璟觀瀾企業管理有限公司) and Golden Prosperity Business Management Service Chengdu Co., Ltd. (鑫晟鼎企業管理服務(成都)有限責任公司), pursuant to which Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司) and Chengdu Yunjing Guanlan Enterprise Management Co., Ltd. (成都雲璟觀瀾企業管理有限公司) transferred its equity interest of RMB48,400,853 (representing 90.8% of the registered capital) and RMB3,304,900 (representing 6.2% of the registered capital) in New Hope Property Management Service Group Co., Ltd. (新希望物業服務集團有限公司) to Golden Prosperity Business Service Chengdu Co., Ltd. (鑫晟鼎企業管理服務(成都)有限責任公司) at the consideration of RMB107,740,100 and RMB7,356,700, respectively;
- (c) an equity transfer agreement dated September 25, 2019 and entered into between Kunming Dashanghui Industrial Co., Ltd. (昆明大商匯實業有限公司) and Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司), pursuant to which Kunming Dashanghui Industrial Co., Ltd. (昆明大商匯實業有限公司) transferred its equity interest of RMB4,000,000 in Yunnan Shangding Advertising Co., Ltd. (雲南商鼎廣告有限公司) to Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) at a consideration of RMB4,000,000;
- (d) an equity transfer agreement dated September 25, 2019 and entered into between Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司) and Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司), pursuant to which Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司) transferred its equity interest of RMB6,000,000 in Yunnan Shangding Advertising Co., Ltd. (雲南商鼎廣告有限公司) to Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) at a consideration of RMB6,000,000;
- (e) an equity transfer agreement dated August 31, 2020 and entered into between Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司), New Hope Property Management Service Group Co., Ltd. (新希望物業服務集團有限公司) and Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司), pursuant to which Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司) transferred 100% equity interest in Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) to New Hope Property Management Service Group Co., Ltd. (新希望物業服務集團有限公司) at a consideration of RMB79,350,000;
- (f) an equity transfer agreement dated September 16, 2019 and entered into between Kunming Dashanghui Industrial Co., Ltd. (昆明大商匯實業有限公司) and Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司), pursuant to which Kunming Dashanghui Industrial Co., Ltd. (昆明大商匯實業有限

- 公司) transferred its equity interest of RMB16,000,000 in Yunnan Dashanghui Commercial Development Co., Ltd. (雲南大商匯商業發展有限公司) to Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) at a consideration of RMB16,000,000;
- (g) an equity transfer agreement dated September 16, 2019 and entered into between Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司) and Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司), pursuant to which Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司) transferred its equity interest of RMB24,000,000 in Yunnan Dashanghui Commercial Development Co., Ltd. (雲南大商匯商業發展有限公司) to Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) at a consideration of RMB24,000,000;
- (h) an equity transfer agreement dated September 30, 2019 and entered into between Nanning Dashanghui Industrial Co., Ltd. (南寧大商匯實業有限公司) and Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司), pursuant to which Nanning Dashanghui Industrial Co., Ltd. (南寧大商匯實業有限公司) transferred 20% equity interest in Nanning Huijin Commercial Management Co., Ltd. (南寧匯金商業管理有限公司) to Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) at a consideration of RMB1,311,533;
- (i) an equity transfer agreement dated September 30, 2019 and entered into between Kunming Dashanghui Industrial Co., Ltd. (昆明大商匯實業有限公司) and Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司), pursuant to which Kunming Dashanghui Industrial Co., Ltd. (昆明大商匯實業有限公司) transferred 80% equity interest in Nanning Huijin Commercial Management Co., Ltd. (南寧匯金商業管理有限公司) to Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) at nil consideration;
- (j) an equity transfer agreement dated December 20, 2020 and entered into between Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) and Sichuan Xinzhi Ruizhan Industrial Co., Ltd. (四川新致睿占實業有限公司), pursuant to which Sichuan New Hope Commercial Management Co., Ltd. (四川新希望商業管理有限公司) transferred its entire equity interest in Wenzhou Hope Town Enterprise Management Co., Ltd. (溫州希望小鎮企業管理有限公司) to Sichuan Xinzhi Ruizhan Industrial Co., Ltd. (四川新致睿占實業有限公司) at a consideration of RMB1;
- (k) an equity transfer agreement dated January 8, 2021 and entered into between New Hope Service Holdings Limited and August Mist Limited, pursuant to which August Mist Limited transferred its entire equity interest in Step Viral Limited to New Hope Service Holdings Limited in consideration of the allotment and issue of 300 ordinary shares with par value of HK\$0.01 each in the share capital of New Hope Service Holdings Limited;


- (l) a cornerstone investment agreement dated May 7, 2021 entered into between our Company, Keltic Investment (HK) Limited, ABCI Capital Limited and ABCI Securities Company Limited, pursuant to which Keltic Investment (HK) Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of RMB60,000,000 (excluding brokerage and levies) at the Offer Price;
- (m) a cornerstone investment agreement dated May 7, 2021 entered into between our Company, Golden Star International Pty Limited, ABCI Capital Limited and ABCI Securities Company Limited, pursuant to which Golden Star International Pty Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US\$5,000,000 (excluding brokerage and levies) at the Offer Price;
- (n) a cornerstone investment agreement dated May 7, 2021 entered into between our Company, Green Better Limited, ABCI Capital Limited and CLSA Limited, pursuant to which Green Better Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of HK\$38,810,992 (excluding brokerage and levies) at the Offer Price;
- (o) a cornerstone investment agreement dated May 7, 2021 entered into between our Company, Neptune Investments Limited, ABCI Capital Limited and ABCI Securities Company Limited, pursuant to which Neptune Investments Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of RMB97,000,000 (excluding brokerage and levies) at the Offer Price;
- (p) a cornerstone investment agreement dated May 7, 2021 entered into between our Company, Peak Reinsurance Company Limited, ABCI Capital Limited and CMB International Capital Limited, pursuant to which Peak Reinsurance Company Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US\$5,000,000 (excluding brokerage and levies) at the Offer Price;
- (q) a cornerstone investment agreement dated May 7, 2021 entered into between our Company, China Sichuan International Investment Limited, Haitong International Securities Company Limited and ABCI Capital Limited, pursuant to which China Sichuan International Investment Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of HK\$77,500,000 (excluding brokerage and levies) at the Offer Price;
- (r) the Deed of Non-competition;
- (s) the Deed of Indemnity; and
- (t) the Hong Kong Underwriting Agreement.



## 2. Intellectual property rights of our Group

### (a) Trademark

As of the Latest Practicable Date, our Group was the registered proprietor for or was granted a license to use the following trademarks in the PRC and Hong Kong which, in the opinion of our Directors, are material to our Group's business:

| No. | Trademark   | Registration number | Class                      | Name of registered proprietor | Place of Registration | Date of Registration | Expiry Date       |
|-----|---|---------------------|----------------------------|-------------------------------|-----------------------|----------------------|-------------------|
| 1.  |    | 21346321            | 36                         | New Hope Group Company        | PRC                   | June 21, 2018        | June 20, 2028     |
| 2.  |    | 21346387            | 36                         | New Hope Group Company        | PRC                   | June 21, 2018        | June 20, 2028     |
| 3.  |    | 41935046            | 35                         | New Hope Property             | PRC                   | July 14, 2020        | July 13, 2030     |
| 4.  |  | 305354244           | 35, 36, 37, 39, 43, 44, 45 | New Hope Group Company        | Hong Kong             | August 7, 2020       | August 6, 2030    |
| 5.  |  | 305354235           | 35, 36, 37, 39, 43, 44, 45 | New Hope Group Company        | Hong Kong             | August 7, 2020       | August 6, 2030    |
| 6.  |  | 45009154            | 43                         | New Hope Service              | PRC                   | December 14, 2020    | December 13, 2030 |
| 7.  | 纽扣工匠  | 48672310            | 40                         | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031    |
| 8.  | 纽扣工匠  | 48672486            | 43                         | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031    |
| 9.  | 纽扣工匠  | 48675587            | 17                         | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031    |
| 10. | 纽扣工匠  | 48682192            | 39                         | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031    |
| 11. | 纽扣工匠  | 48688457            | 22                         | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031    |
| 12. | 纽扣工匠  | 48689044            | 44                         | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031    |
| 13. | 纽扣工匠  | 48697315            | 37                         | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031    |
| 14. | 纽扣工匠  | 48698635            | 27                         | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031    |

| No. | Trademark | Registration number | Class | Name of registered proprietor | Place of Registration | Date of Registration | Expiry Date    |
|-----|-----------|---------------------|-------|-------------------------------|-----------------------|----------------------|----------------|
| 15. | 纽扣乐选      | 48667089            | 41    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 16. | 纽扣乐选      | 48670646            | 30    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 17. | 纽扣乐选      | 48672492            | 43    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 18. | 纽扣乐选      | 48676949            | 35    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 19. | 纽扣乐选      | 48680628            | 39    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 20. | 纽扣乐选      | 48688669            | 36    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 21. | 纽扣乐选      | 48696534            | 3     | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 22. | 纽扣拾家      | 48670440            | 41    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 23. | 纽扣拾家      | 48675603            | 17    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 24. | 纽扣拾家      | 48676286            | 20    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 25. | 纽扣拾家      | 48677979            | 43    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 26. | 纽扣拾家      | 48681459            | 21    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 27. | 纽扣拾家      | 48682858            | 3     | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 28. | 纽扣拾家      | 48685496            | 27    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 29. | 纽扣拾家      | 48690591            | 35    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 30. | 纽扣舒居      | 48668951            | 36    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 31. | 纽扣舒居      | 48673712            | 14    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 32. | 纽扣舒居      | 48674120            | 35    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 33. | 纽扣舒居      | 48674821            | 27    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 34. | 纽扣舒居      | 48675150            | 42    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 35. | 纽扣舒居      | 48675427            | 39    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |



| No. | Trademark | Registration number | Class | Name of registered proprietor | Place of Registration | Date of Registration | Expiry Date    |
|-----|-----------|---------------------|-------|-------------------------------|-----------------------|----------------------|----------------|
| 36. | 纽扣舒居      | 48676789            | 8     | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 37. | 纽扣舒居      | 48678705            | 16    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 38. | 纽扣舒居      | 48686216            | 7     | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 39. | 纽扣舒居      | 48688749            | 40    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 40. | 纽扣舒居      | 48686405            | 45    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 41. | 纽扣舒居      | 48690716            | 21    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 42. | 纽扣舒居      | 48690670            | 20    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 43. | 纽扣舒居      | 48696245            | 22    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 44. | 纽扣舒居      | 48674250            | 43    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 45. | 纽扣舒居      | 48678097            | 24    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 46. | 纽扣舒居      | 48683556            | 37    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 47. | 纽扣舒居      | 48689544            | 17    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 48. | 纽扣拾家      | 48691123            | 42    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 49. | 纽扣拾家      | 48691236            | 37    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 50. | 纽扣拾家      | 48691422            | 44    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 51. | 纽扣拾家      | 48694008            | 40    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 52. | 纽扣拾家      | 48698713            | 30    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 53. | 纽扣思维      | 48667176            | 22    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 54. | 纽扣思维      | 48668773            | 17    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 55. | 纽扣思维      | 48670857            | 28    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 56. | 纽扣思维      | 48676932            | 35    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |

| No. | Trademark | Registration number | Class | Name of registered proprietor | Place of Registration | Date of Registration | Expiry Date    |
|-----|-----------|---------------------|-------|-------------------------------|-----------------------|----------------------|----------------|
| 57. | 纽扣思维      | 48683595            | 40    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 58. | 纽扣思维      | 48693042            | 8     | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 59. | 纽扣思维      | 48693378            | 37    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 60. | 纽扣鲜食      | 48670740            | 35    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 61. | 纽扣鲜食      | 48683598            | 40    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 62. | 纽扣鲜食      | 48686255            | 8     | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 63. | 纽扣选邻      | 48667820            | 20    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 64. | 纽扣选邻      | 48668695            | 45    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 65. | 纽扣选邻      | 48669071            | 16    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 66. | 纽扣选邻      | 48675152            | 42    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 67. | 纽扣选邻      | 48675205            | 24    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 68. | 纽扣选邻      | 48676316            | 21    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 69. | 纽扣选邻      | 48682110            | 37    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 70. | 纽扣选邻      | 48682390            | 35    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 71. | 纽扣选邻      | 48683787            | 36    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 72. | 纽扣选邻      | 48687307            | 39    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 73. | 纽扣选邻      | 48687629            | 43    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 74. | 纽扣选邻      | 48693271            | 17    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |
| 75. | 纽扣选邻      | 48696636            | 27    | New Hope Service              | PRC                   | March 21, 2021       | March 20, 2031 |

**(b) Domain name**

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names which, in the opinion of our Directors, are material to our Group's business:

| No. | Domain name           | Name of registered proprietor | Date of registration | Expiry date       |
|-----|-----------------------|-------------------------------|----------------------|-------------------|
| 1.  | newhopeservice.com.cn | New Hope Service              | February 18, 2021    | February 18, 2026 |
| 2.  | newmlife.com          | New Hope Service              | January 10, 2018     | January 10, 2022  |

**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 and may be terminated by either party by giving not less than three calendar months' notice in writing.

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 and may be terminated by either party by giving at least three months' notice.

**2. Directors' remuneration**

- (a) For the years ended December 31, 2018, 2019 and 2020, the aggregate amount of remuneration (including fees, salaries and allowances, discretionary bonus, share-based compensation and retirement benefit contribution) to our Directors was approximately RMB13.6 million, RMB1.6 million and RMB1.9 million, respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our independent non-executive Directors in their respective capacity as Directors) for the year ending December 31, 2021 are expected to be approximately RMB3.5 million.
- (c) For the years ended December 31, 2018, 2019 and 2020, no emoluments were paid by us to our Directors as an inducement to join or upon joining our Group or as compensation for loss of office and none of our Directors had waived or agreed to waived any emoluments during the relevant period.

### 3. Disclosure of Directors' interests

*(a) Interests and short positions of our Directors and chief executives of our Company in the shares, underlying shares and debentures of our Company and our associated corporations*

Immediately following completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option or any option which may be granted under the Share Option Scheme is not exercised), the interests or short position in the Shares, underlying shares and debentures of our Company or our associated corporations (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 or she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, in each case once the Shares are listed on the Stock Exchange will be as follows:

| Name of Director                           | Nature of interest  | Number of Shares interested <sup>(1)</sup> | Approximate percentage of shareholding |
|--|---|--|--|
| Mr. Zhang Minggui <sup>(2)</sup> . . . . . | Settlor and beneficiary of a discretionary trust and interest in controlled corporation | 37,200,000 (L)                             | 4.65%                                  |
| Ms. Wu Min <sup>(2)</sup> . . . . .        | Beneficiary of a discretionary trust and interest in controlled corporation             | 37,200,000 (L)                             | 4.65%                                  |
| Ms. Chen Jing <sup>(2)</sup> . . . . .     | Beneficiary of a discretionary trust and interest in controlled corporation             | 37,200,000 (L)                             | 4.65%                                  |
| Mr. Jiang Mengjun <sup>(2)</sup> . . . . . | Beneficiary of a discretionary trust and interest in controlled corporation             | 37,200,000 (L)                             | 4.65%                                  |
| Ms. Huang Kun <sup>(2)</sup> . . . . .     | Beneficiary of a discretionary trust and interest in controlled corporation             | 37,200,000 (L)                             | 4.65%                                  |

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

- (2) Mr. Zhang Minggui is the settlor of the Employee Benefit Trust, a discretionary trust for the benefit of New Actuation Development Limited (“**New Actuation**”), New Charm Development Limited (“**New Charm**”), New Mistry Development Limited (“**New Mistry**”), New Conception Development Limited (“**New Conception**”), New Grace Development Limited (“**New Grace**”) with TMF Trust (HK) Limited as the trustee. Each of New Actuation, New Charm, New Mistry, New Conception and New Grace is wholly owned by Mr. Zhang Minggui, Ms. Wu Min, Ms. Chen Jing, Mr. Jiang Mengjun and Ms. Huang Kun, respectively, for the purpose of investment holdings. Accordingly, Mr. Zhang Minggui is deemed to be interested under the SFO in the Shares held by the Employee Benefit Trust in his capacity as the settlor and beneficiary of the Employee Benefit Trust and as a Director, and each of Ms. Chen Jing, Ms. Wu Min, Mr. Jiang Mengjun and Ms. Huang Kun is deemed to be interested under the SFO in the Shares held by the Employee Benefit Trust in their respective capacity as the beneficiary of the Employee Benefit Trust and as a Director.

*(b) Interests of the substantial shareholders of any member of our Group*

Save as disclosed in “Substantial Shareholders”, our Directors are not aware of any person who will, immediately following completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option or any option which may be granted under the Share Option Scheme is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the number of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group.

#### 4. Disclaimers

- (a) Save as disclosed in “C. Further information about our Directors and Substantial Shareholders—3. Disclosure of Directors’ Interests” in this appendix, 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 or she 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 “D. Other information—9. Qualifications and Consents of Experts” in this appendix 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 “D. Other information—9. Qualifications and Consents of Experts” in this appendix 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 “D. Other information—9. Qualifications and Consents of Experts” in this appendix 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) 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 or suppliers of our Group.

## **D. OTHER INFORMATION**

### **1. Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on April 30, 2021.

#### **(a) Purpose**

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have

made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

**(b) Who may join**

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive Directors) of our Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company by way of consideration for the grant.

**(c) Acceptance of an offer of options**

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.



Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance or payment for the full amount of the exercise price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance or payment and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial advisor as the case may be pursuant to paragraph (r), our Company shall issue and allot the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of our Shares so allotted.

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.

*(d) Maximum number of Shares*

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue upon the completion of the Capitalization Issue and the Global Offering, being 80,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting in compliance with Rules 17.03(3) and 17.06 of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of our Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular to be issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of our Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will



result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of capitalization issue, rights issue, sub-division or consolidation of Shares or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

*(e) Maximum number of options to any one individual*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company to our Shareholders which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time. The circular to be issued by our Company shall contain the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(c) and (d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a connected person (as defined in the Listing Rules)) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine which states (or, alternatively, documents accompanying the offer document which state), among others:
  - (aa) the Eligible Participant's name, address and occupation;
  - (bb) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
  - (cc) the date upon which an offer for an option must be accepted;

- (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c) above;
  - (ee) the number of Shares in respect of which the option is offered;
  - (ff) the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the option;
  - (gg) the date of the expiry of the option as may be determined by the Board; and
  - (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c) above.
- (iii) other terms and conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with Share Option Scheme and the Listing Rules.

***(f) Price of Shares***

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be determined by the Board in its absolute discretion, but in any event must be at least the higher of:

- (i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date on which such option is offered in writing to our Eligible Participant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which such option is offered in writing to our Eligible Participant; and
- (iii) the nominal value of a Share.

***(g) Granting options to a director, chief executive or substantial shareholder of our Company or any of their respective associates***

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive

Director (or any of their respective associates (as defined in the Listing Rules)) which will result in the number of Shares issued and to be issued upon exercise of options granted and to 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:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue on the date of offer of the option; and
- (ii) having an aggregate value, based on the official closing price of our Shares as stated in the daily quotation sheets of the Stock Exchange on the date of each grant, in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of our Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

***(h) Restrictions on the times of grant of options***

A grant of options shall not be made after inside information has come to the knowledge of our Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options shall be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results or our results for half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of our annual results or our results for half-year, or quarterly or other interim period (whether or not required under the Listing Rules), and ending on the date of actual publication of the results for such year, half-year, quarterly or interim period (as the case may be), and where an option is granted to a Director:
  - (aa) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
  - (bb) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

***(i) Rights are personal to grantee***

An option and an offer to grant an option shall be personal to the grantee and shall not be transferrable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option held by him/her or any offer relating to the grant of an option made to him/her or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

***(j) Time of exercise of Option and duration of the Share Option Scheme***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised

more than 10 years after it has been granted. No option may be granted more than 10 years after the Listing Date. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date.

***(k) Performance target***

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

***(l) Rights on ceasing employment or death***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries:

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his/her personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

***(m) Rights on dismissal***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he/she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his/her integrity or honesty or in relation to an employee of our Group (if so determined by the Board), or has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally, or on any other ground on which an employee would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his/her option will lapse and not be exercisable after the date of termination of his/her employment.

***(n) Rights on takeover***

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared

unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

***(o) Rights on winding-up***

In the event 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 forthwith give notice thereof to all grantees and thereupon, each grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance or 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, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

***(p) Rights on compromise or arrangement between our Company and its members or creditors***

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than 12 : 00 noon (Hong Kong time) on the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

***(q) Ranking of Shares***

Our Shares to be allotted upon the exercise of an option will not carry voting, dividend or other rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options shall be subject to the provisions of the articles of association of the Company will carry the same rights in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue.

***(r) Effect of alterations to capital***

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial advisor shall certify in writing to the Board to be in their/his/her opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approved independent financial advisor, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him/her before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

***(s) Expiry of option***

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);

- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his/her employment or contract on any one or more of the grounds that he or he/she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his/her integrity or honesty, or in relation to an employee of our Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are canceled in accordance with paragraph (u) below.

***(t) Alteration of the Share Option Scheme***

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; or
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

must be made with the prior approval of our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.



***(u) Cancellation of options***

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is canceled pursuant to paragraph (i).

***(v) Termination of the Share Option Scheme***

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

***(w) Administration of the Board***

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

***(x) Conditions of the Share Option Scheme***

The Share Option Scheme shall take effect subject to and is conditional upon:

- (i) the passing of the necessary resolution by our Shareholders to approve and adopt the rules of the Share Option Scheme;
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waivers of any such condition(s) by the Sole Global Coordinator (on behalf of the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;
- (iv) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within six calendar months from the adoption date:

- (i) the Share Option Scheme shall forthwith determine;

- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) *Disclosure in annual and interim reports*

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(z) *Present status of the Share Option Scheme*

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 80,000,000 Shares in total.

## **2. Tax and other indemnities**

Our 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 (d) of “B. Further information about our business—1. Summary of material contracts” in this appendix) to provide indemnities on a joint and several basis in respect of, among other matters, (i) any claims, penalties or other indebtedness resulting from any insufficient contribution to social insurance and housing provident funds during the Track Record Period as disclosed in “Business—Legal Proceedings and Compliance—Non-Compliance”; and (ii) taxation resulting from income, profits or gains earned, accrued or received as well as any claim to which any member of our Group may be subject and payable on or before the date when the Global Offering becomes unconditional.

## **3. Litigation**

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.

**4. 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\$500,000 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 issued pursuant to the exercise of the Over-allotment Option). All necessary arrangements have been made for the Shares to be admitted into CCASS.

**5. Preliminary expenses**

The preliminary expenses relating to the incorporation of our Company are approximately US\$6,415 and are payable by our Company.

**6. 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, 2020 (being the date on which the latest audited combined financial information of our Group was prepared).

**7. Promoter**

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.

**8. 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 transfers of Share.

*(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.

**9. Qualifications and consents of experts**

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion or advice which are contained in, or referred to in this prospectus:

| <b>Name</b>  | <b>Qualifications</b>  |
|--|--|
| ABCI Capital Limited                                       | Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO     |
| KPMG   | Certified Public Accountants, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance |
| Commerce & Finance Law Offices                             | Legal advisor to the Company as to PRC law   |
| Appleby  | Legal advisor to the Company as to Cayman Islands law  |
| Savills Corporate Appraisal & Advisory Limited             | Industry consultant  |
| 寧波億翰商務諮詢有限公司<br>(Ningbo EH Business Consulting Co., Ltd.*) | Industry consultant  |
| Savills Valuation and Professional Service Limited         | Property Valuer  |

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.

**10. Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**11. 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.

**12. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
  - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued 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 Appleby Global Services (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 the Hong Kong Share Registrar 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 Islands law the use of a Chinese name by our Company in conjunction with the English name does not contravene Cayman Islands law;
- (g) none of the persons whose names are listed in “9. Qualifications and Consents of Experts” in this appendix:
  - (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;
- (h) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong; and
- (i) there is no arrangement under which future dividends are waived or agreed to be waived.

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**APPENDIX VI      DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES  
IN HONG KONG AND AVAILABLE FOR INSPECTION**

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**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE, YELLOW AND GREEN** Application Forms;
- (b) the written consents referred to in the section headed “D. Other Information—9. Qualifications and Consents of Experts” in Appendix V to this Prospectus; and
- (c) a copy of each of the material contracts referred to in the section headed “B. Further Information about Our Business—1. Summary of Material Contracts” in Appendix V to this Prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Sidley Austin at Level 39, Two International Finance Centre, 8 Finance Street, Central, 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 of Association and the Articles of Association;
- (b) the Accountants’ Report from KPMG, the text of which is set out in Appendix I to this prospectus;
- (c) the report from KPMG in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the financial years ended December 31, 2018, 2019 and 2020;
- (e) the legal opinion issued by Commerce & Finance Law Offices, our PRC Legal Advisor in respect of our Group’s business operations and property interests in the PRC;
- (f) the letter of advice from Appleby, our Cayman legal advisor, summarizing certain aspects of Cayman Islands company law referred to in “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix IV to this prospectus;
- (g) the industry report prepared by Savills and EH Consulting, our industry consultants;
- (h) the Cayman Islands Companies Law;

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**APPENDIX VI      DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES  
IN HONG KONG AND AVAILABLE FOR INSPECTION**

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- (i) the material contracts referred to in “B. Further Information about our Business—1. Summary of Material Contracts” in Appendix V to this prospectus;
- (j) the service agreements and letters of appointment with each of the Directors referred to in “C. Further Information about Our Directors and Substantial Shareholders—1. Particulars of Directors’ Service Contracts and Letters of Appointment” in Appendix V to this prospectus;
- (k) the written consents referred to in “D. Other information—9. Qualifications and Consents of Experts” in Appendix V to this prospectus; and
- (l) the property valuation report issued by Savills Valuation and Professional Service Limited, our property valuer.



