東原仁知城市運營服務集團股份有限公司

DOWELL SERVICE GROUP CO. LIMITED*

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

STOCK CODE : 2352

GLOBAL OFFERING

Sole Sponsor

國泰君安國際 GUOTAI JUNAN INTERNATIONAL

Sole Global Coordinator, Joint Bookrunners and Joint Lead Managers

國泰君安國際 GUOTAI JUNAN INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

農銀國際 ABC INTERNATIONAL | 交銀國際 BOCOM International | CITIC SECURITIES | ICBC 工银国际 | 民銀資本 CMBC CAPITAL HOLDINGS LIMITED

光大證券 EVERBRIGHT SECURITIES 國際 INTERNATIONAL | 富強證券 FORTUNE (HK) SECURITIES | 富途證券 | 國信證券(香港) GUOSEN SECURITIES (HK) | 浙商國際 ZHESHANG INTERNATIONAL

* For identification purposes only

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

DOWELL SERVICE GROUP CO. LIMITED*
東原仁知城市運營服務集團股份有限公司

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

Global Offering

Total number of Offer Shares under the Global Offering	**:**	**16,666,667 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**1,666,800 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**14,999,867 H Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$15.40 per H Share and expected to be not less than HK$11.90 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005% (payable in full at the maximum offer price on application in Hong Kong Dollars, subject to refund on final pricing)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**2352**

Sole Sponsor

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

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光大證券 EVERBRIGHT SECURITIES | 國際 INTERNATIONAL | 富強證券 FORTUNE (HK) SECURITIES | 富途證券 | 國信證券(香港) GUOSEN SECURITIES (HK) | 浙商國際 ZHESHANG INTERNATIONAL

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

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

We are incorporated, and most of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong, and the fact that there are different risks relating to investment in PRC incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong, and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in the sections headed "Risk factors", "Appendix IV – Summary of principal PRC and Hong Kong legal and regulatory provisions" and "Appendix V – Summary of Articles of Association" to this prospectus.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator, for itself and on behalf of the Underwriters, and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 22 April 2022 (Hong Kong time) and, in any event, no later than Wednesday, 27 April 2022 (Hong Kong time). The Offer Price will be not more than HK$15.40 per Offer Share and is currently expected to be not less than HK$11.90 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by Wednesday, 27 April 2022 (Hong Kong time) between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$15.40 for each Hong Kong Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$15.40.

The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK$11.90 to HK$15.40) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be posted on the website of our Company at www.dowellservice.com and on the website of the Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

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

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

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. This prospectus is available at the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.dowellservice.com**). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

* *For identification purposes only*

19 April 2022

IMPORTANT NOTICE TO INVESTORS:

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at **www.dowellservice.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**;

(2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

(i) instructing 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; or

(ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed "How to apply for Hong Kong Offer Shares" in this prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

DOWELL SERVICE GROUP CO. LIMITED
(HK$15.40 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
200	3,111.03	5,000	77,776.05	30,000	466,656.26	250,000	3,888,802.23
400	6,222.09	6,000	93,331.25	35,000	544,432.31	300,000	4,666,562.67
600	9,333.12	7,000	108,886.46	40,000	622,208.35	350,000	5,444,323.12
800	12,444.17	8,000	124,441.67	45,000	699,984.40	400,000	6,222,083.56
1,000	15,555.21	9,000	139,996.88	50,000	777,760.45	450,000	6,999,844.01
1,200	18,666.25	10,000	155,552.09	60,000	933,312.54	500,000	7,777,604.45
1,400	21,777.29	12,000	186,662.51	70,000	1,088,864.63	600,000	9,333,125.34
1,600	24,888.34	14,000	217,772.92	80,000	1,244,416.71	700,000	10,888,646.23
1,800	27,999.38	16,000	248,883.34	90,000	1,399,968.80	833,400(1)	12,963,711.10
2,000	31,110.42	18,000	279,993.76	100,000	1,555,520.89		
3,000	46,665.63	20,000	311,104.18	150,000	2,333,281.34		
4,000	62,220.83	25,000	388,880.23	200,000	3,111,041.78		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If there is any change in the following expected timetable of the Global Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at ***www.hkexnews.hk*** *and our Company at* ***www.dowellservice.com****.*

Hong Kong Public Offering commences	9:00 a.m. on Tuesday, 19 April 2022
Latest time for completing electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Friday, 22 April 2022
Application lists open[3]	11:45 a.m. on Friday, 22 April 2022
Latest time for (a) completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, 22 April 2022

If you are instructing 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 are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[3]	12:00 noon on Friday, 22 April 2022
Expected Price Determination Date[5]	Friday, 22 April 2022
Announcement of the Offer Price on our website at **www.dowellservice.com**[6] and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Thursday, 28 April 2022
Announcement of the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on our website at **www.dowellservice.com** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Thursday, 28 April 2022

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels; including:

- in the announcement to be posted on our website at **www.dowellservice.com** and the Stock Exchange's website at **www.hkexnews.hk**, respectively . . . . Thursday, 28 April 2022

- Results of allocations in the Hong Kong Public Offering to be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . 8:00 a.m. on Thursday, 28 April 2022 to 12:00 midnight on Wednesday, 4 May 2022

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . Thursday, 28 April 2022, Friday, 29 April 2022, Tuesday, 3 May 2022 and Wednesday, 4 May 2022

H Share certificates in respect of wholly or partially successful applications to be dispatched/collected or deposited into CCASS on or before[7][9]. . . . . Thursday, 28 April 2022

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before[8][9]. . . . . Thursday, 28 April 2022

Dealings in H Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . Friday, 29 April 2022

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained 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 "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 22 April 2022, the application lists will not open and will close on that day. For further details, please see the section headed "How to apply for Hong Kong Offer Shares – C. Effect of bad weather and extreme conditions on the opening and closing of the application lists" in this prospectus.

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

(5) The Price Determination Date is expected to be on or about Friday, 22 April 2022, and in any event, not later than Wednesday, 27 April 2022. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on or before Wednesday, 27 April 2022, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) H Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting – Underwriting arrangements and expenses – Hong Kong Public Offering – Grounds for termination" in this prospectus has not been exercised. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

(8) 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 in respect of wholly or partially successful applicants 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 check, 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 encashment of the refund cheques. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

(9) Applicants who have applied on **White Form eIPO** for 100,000 or more Hong Kong Offer Shares may collect any refund cheques (where applicable) and/or H Share certificates in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 28 April 2022 or such other date as notified by us as the date of dispatch/collection of H Share certificates/e-refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **CCASS EIPO** service should refer to the section headed "How to apply for Hong Kong Offer Shares – G. Dispatch/Collection of H Share certificates/e-Refund payment instructions/refund cheques – Personal collection – If you apply through **CCASS EIPO** service" in this prospectus for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

H Share certificates and/or refund checks for applicants who have applied for less than 100,000 Hong Kong Offer Shares and any uncollected H Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to apply for Hong Kong Offer Shares – F. Refund of application monies" and "How to apply for Hong Kong Offer Shares – G. Dispatch/Collection of H Share certificates/e-Refund payment instructions/refund cheques" in this prospectus.

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please see the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, our Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company, solely in connection with the Global Offering and the Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offer of the Offer Shares or the distribution of this prospectus. The offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdiction pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Manager, and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Manager, the Underwriters, any of their respective directors, officers or representatives or any other person or party involved in the Global Offering. Information contained in our Company's website, at www.dowellservice.com, does not form part of this prospectus.

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CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a long-established property management service provider offering comprehensive services for a wide range of property projects in the PRC with a rapid growth track record. According to CIA, in 2021, we were ranked the 52nd and 53rd among the "2021 Top 100 Property Management Companies in China" (2021中國物業服務百強企業) in terms of total revenue generated in the PRC in 2020 and total GFA under management in the PRC in 2020, respectively.

Having been providing property management services in the PRC for over 17 years, we believe our long operating history and industry experience differentiates us from many of our competitors. As at 31 December 2021, we had our business presence in two major regions in the PRC, namely, Southwestern China and Eastern China. Over the years, we adopted a growth strategy to expand our business portfolio in existing cities in which we have property projects that we managed and to enter into new cities that we consider to be of high growth potential. As at 31 December 2021, we had 325 property projects under management, including residential and non-residential properties, covering 51 cities, across 16 provinces, autonomous regions and municipalities in the PRC, with total GFA under management of approximately 28.2 million sq.m.. Among which, 133 of them were residential properties and 192 of them were non-residential properties. The aggregate GFA under management of residential properties and non-residential properties were approximately 20.5 million sq.m. and 7.7 million sq.m., respectively, as at 31 December 2021. As at 31 December 2021, approximately 50.0% of the total GFA under management of the property projects that we managed were those sourced from Dima Group and Affiliated Companies. A number of property projects that we managed include property projects for which we entered into relevant property management service agreements that did not specify the amount of GFA under management. For such property projects, we mainly charged on lump sum basis per property project that we managed based on the number of staff utilised.

We experienced a rapid growth during the Track Record Period. Our revenue increased by approximately 113.4%, from approximately RMB559.2 million in 2019 to approximately RMB1,193.4 million in 2021, with a CAGR of approximately 46.1%. Our gross profit for the three years ended 31 December 2021 amounted to approximately RMB132.7 million, RMB216.0 million and RMB308.9 million, respectively, which increased by approximately 132.8% between 2019 and 2021. During the same periods, we recorded gross profit margin of approximately 23.7%, 28.2% and 25.9%, respectively. Our profit for the year was approximately RMB25.6 million, RMB84.5 million and RMB130.4 million during each of three years ended 31 December 2021, which increased by approximately 409.4% between 2019 and 2021. Furthermore, the number of property projects that we managed, GFA under management and contracted GFA increased from 80, 11.9 million sq.m. and 19.8 million sq.m., respectively, as at 31 December 2019, to 227, 21.1 million sq.m. and 35.5 million sq.m., respectively, as at 31 December 2020, and further increased to 325, 28.2 million sq.m. and 42.9 million sq.m., respectively, as at 31 December 2021.

We were established in 2003 and started to provide property management services for residential property projects sourced from Dima Group in 2004. Dima principally engages in property development and manufacturing of vehicles with various types of use in the PRC, its shares are listed on the Shanghai Stock Exchange in the PRC. Dima's property development business principally focuses in Central China (such as Wuhan and Changsha), Southwestern China (such as Chongqing, Mianyang and Chengdu) and Eastern China (such as Shanghai and Hangzhou). We maintained a long-term and cooperative relationship with Dima Group, and commenced providing property management services to property projects sourced from Independent Third Parties in 2016. According to the quarter report of Dima Group for the nine months ended 30 September 2020 and 2021, Dima Group recorded (i) total revenue of approximately RMB6.4 billion and RMB11.2 billion, respectively; and (ii) net profit of approximately RMB416.5 million and RMB562.3 million, respectively. According to the annual report of Dima Group for the year ended 31 December 2020 and interim report of Dima Group for the six months ended 30 June 2021, Dima Group recorded a total contracted sales (within the scope of the consolidated statement of income) of approximately RMB22,721.1 million and RMB12,150.6 million, respectively. Dima Group had (i) land bank of approximately 4.4 million sq.m. and 3.2 million sq.m.; and (ii) total planned construction area of approximately 17.9 million sq.m. and 20.9 million sq.m. as at 31 March 2021 and 30 September 2021, respectively. We believe the relationship with Dima Group coupled with our ability to expand our project portfolio through engagement with Independent Third Parties, including independent third-party property developers or property owners, attributed to our fast growth in terms of revenue and net profit during the Track Record Period.

OUR BUSINESS

We provide diversified services through three main business lines:

(i) property management services, including security services, cleaning services, landscaping services, facility management, repair and maintenance services, for:

- residential properties to property developers, property owners and residents; and

- non-residential properties, such as commercial properties, hospitals, governmental buildings and schools, to property owners or enterprises that operate in such premises;

(ii) community value-added services, mainly including:

- car parking spaces management services;

- car parking spaces and property sales services;

- public resources management services;

- property agency services;

- community events planning services;

- utility maintenance services; and

- renovation waste treatment services.

to property owners and residents of property projects that we manage.

(iii) value-added services to non-property owners, mainly property developers, including, among others:

- sales assistance services;

- maintenance and renovation services;

- pre-delivery consultancy and inspection services; and

- additional tailored services.

The following table sets out a breakdown of our revenue by business lines and immediate paying customers during the Track Record Period:

	Year ended 31 December					
	2019[2]		**2020**[2]		**2021**[2]	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services[1]						
– Dima Group	15,037	2.7	28,486	3.7	35,525	3.0
– Affiliated Companies	1,852	0.3	9,008	1.2	7,951	0.7
– Independent Third Parties	240,395	43.0	311,872	40.7	585,552	49.0
Sub-total	257,284	46.0	349,366	45.6	629,028	52.7
Community value-added services						
– Dima Group[3]	67,796	12.1	82,178	10.7	105,065	8.8
– Affiliated Companies[3]	4,236	0.8	3,480	0.5	8,586	0.7
– Independent Third Parties	103,442	18.5	119,139	15.5	173,200	14.5
Sub-total	175,474	31.4	204,797	26.7	286,851	24.0
Value-added services to non-property owners						
– Dima Group	88,601	15.8	155,849	20.3	182,094	15.3
– Affiliated Companies	33,535	6.0	38,482	5.0	35,704	3.0
– Independent Third Parties	4,260	0.8	18,308	2.4	59,746	5.0
Sub-total	126,396	22.6	212,639	27.7	277,544	23.3
Total:	559,154	100.0	766,802	100.0	1,193,423	100.0

Notes:

1. The above breakdown of revenue of property management services is categorised by immediate paying customers (i.e. the parties we received property management fees and relevant income from).

2. During the Track Record Period, we acquired equity interests in certain companies. For details, please refer to the sections headed "History and development – Acquisitions during the Track Record Period" and "Business – Acquisition of companies during the Track Record Period" in this prospectus. The following table sets out the breakdown of revenue derived from acquisitions and organic growth during the Track Record Period:

	Year ended 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
(i) Revenue derived from companies acquired during the Track Record Period	17,187	24,040	227,032
– Growth (%)	*317.0%*	*39.9%*	*844.4%*
(ii) Revenue derived from organic growth	541,967	742,762	966,391
– Growth (%)	*41.6%*	*37.0%*	*30.1%*
Total revenue	559,154	766,802	1,193,423
– Growth (%)	*44.5%*	*37.1%*	*55.6%*

3. For revenue immediately paid by Dima Group and Affiliated Companies, apart from car parking spaces and property sales services, where the service fees of which were first paid by Independent Third Party car parking spaces owners to us through Dima Group or Affiliated Companies, Dima Group and Affiliated Companies are ultimate paying customers in relation to all other types of community value-added services.

   For revenue immediately paid by Independent Third Parties, such Independent Third Parties are also the ultimate paying customers in relation to all types of community value-added services.

The increase in our revenue from property management services during the Track Record Period was primarily derived from the increase in revenue derived from Independent Third Parties, which was primarily driven by the increase in the GFA under management, and the increase in the average management fee rate we charged. The increase in our revenue from community value-added service was primarily due to the increase in revenue derived from Dima Group and Independent Third Parties, which was primarily driven by the increasing revenue from (i) car parking spaces management services; and (ii) car parking spaces and property sales services as a result of the increase in number of commercial properties, office buildings and car parking spaces sold. The increase in our revenue from value-added services to non-property owners was primarily due to the increase in (i) revenue derived from sales assistance services provided to Dima Group resulting from the increase in number of sales assistance service agreements we entered into with Dima Group; (ii) revenue derived from pre-delivery consultancy and inspection services provided to the Independent Third Parties as a result of our effort in developing our pre-delivery consultancy and inspection services and the establishment of our subsidiary which specialises in the provision of pre-delivery consultancy and inspection services since July 2019; and (iii) revenue derived from additional tailored services provided to the Independent Third Parties as a result of (a) the commencement of our provision of preliminary sales and delivery assistance services to Independent Third Parties since 2020; and (b) the provision of washing and disinfection of medical fabrics and provision of medical-related necessities in hospitals resulting from our acquisition of Shengkang Group in late 2020.

The following table sets out a breakdown of our gross profit and gross profit margin by business lines during the Track Record Period:

	Year ended 31 December					
	2019		2020		2021	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services *(Note)*						
– Dima Group	2,937	19.5	7,085	24.9	8,787	24.7
– Affiliated Companies	362	19.5	2,216	24.6	1,943	24.4
– Independent Third Parties	42,036	17.5	72,788	23.3	134,830	23.0
	45,335	17.6	82,089	23.5	145,560	23.1
Community value-added services						
– Dima Group	24,802	36.6	35,181	42.8	38,766	36.9
– Affiliated Companies	811	19.1	1,030	29.6	2,385	27.8
– Independent Third Parties	29,552	28.6	34,444	28.9	44,117	25.5
	55,165	31.4	70,655	34.5	85,268	29.7
Value-added services to non-property owners						
– Dima Group	22,568	25.5	45,457	29.2	49,967	27.4
– Affiliated Companies	8,560	25.5	11,988	31.2	10,178	28.5
– Independent Third Parties	1,062	24.9	5,800	31.7	17,950	30.0
	32,190	25.5	63,245	29.7	78,095	28.1
Overall	132,690	23.7	215,989	28.2	308,923	25.9

Note: The above breakdown of gross profit and gross profit margin of property management services refers to the gross profit and gross profit margin generated from Dima Group, Affiliated Companies and Independent Third Parties.

Our overall gross profit margins are affected by gross profit margins for each of our business lines and the fluctuations in our service mix. The gross profit margins for our value-added services to non-property owners and for our community value-added services were relatively higher than that of the property management services, which was relatively more labour-intensive in nature. For details regarding the fluctuations in our gross profit and gross profit margin by business lines, and the reasons thereof, during the Track Record Period, please refer to the section headed "Financial information – Major items in the consolidated statements of comprehensive income – Gross profit and gross profit margin" in this prospectus.

We manage a diversified portfolio of property projects, consisting of (i) residential properties; and (ii) non-residential properties, such as office buildings and shopping malls, schools, government facilities, public services facilities, foreign embassies in China, industrial parks and hospitals. The following table sets out a breakdown of total number of property projects that we managed and our total GFA under management by types of property projects as at the dates indicated, and the revenue generated from our property management services by type of property projects as well as their respective percentage of our total revenue generated from property management services during the Track Record Period:

	As at/For the year ended 31 December											
	2019				2020				2021			
	Number of property projects that we managed[3]	GFA under management[4]	Revenue		Number of property projects that we managed[3]	GFA under management[4]	Revenue		Number of property projects that we managed[3]	GFA under management[4]	Revenue	
		('000 sq.m.)	*(RMB'000)*	%		*('000 sq.m.)*	*(RMB'000)*	%		*('000 sq.m.)*	*(RMB'000)*	%
Residential properties[1]	64	10,711	193,515	75.2	89	14,279	272,040	77.9	133	20,512	366,442	58.3
Non-residential properties[2]	16	1,159	63,769	24.8	138	6,775	77,326	22.1	192	7,683	262,586	41.7
Total	80	11,870	257,284	100.0	227	21,054	349,366	100.0	325	28,195	629,028	100.0

Notes:

1. For the three years ended 31 December 2021, the proportion of our revenue generated from property management services provided with respect to residential properties sourced from Dima Group to our total revenue generated from property management services provided with respect to residential properties was approximately 83.7%, 74.9% and 69.5%, respectively. The proportion of our revenue generated from property management services provided with respect to residential properties sourced from Affiliated Companies to our total revenue generated from property management services provided with respect to residential properties was approximately 8.9%, 9.6% and 9.7%, respectively, during the same period. During the Track Record Period, the proportion of our revenue generated from property management services provided with respect to residential properties sourced from the Independent Third Parties to our total revenue generated from property management services provided with respect to residential properties was approximately 7.4%, 15.5% and 20.8%, respectively.

2. For the three years ended 31 December 2021, the proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from Dima Group to our total revenue generated from property management services provided with respect to non-residential properties was approximately 97.8%, 86.2% and 27.1%, respectively. The proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from Affiliated Companies to our total revenue generated from property management services provided with respect to non-residential properties was nil, nil and nil, respectively, during the same period. During the Track Record Period, the proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from the Independent Third Parties to our total revenue generated from property management services provided with respect to non-residential properties was approximately 2.2%, 13.8% and 72.9%, respectively. The significant increase in the proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from the Independent Third Parties during the year ended 31 December 2021 as compared with that of the year ended 31 December 2020 was primarily attributable to the inclusion of the revenue generated from property management services provided with respect to non-residential properties of GSN Group, which was acquired by us in the second half of 2020.

3. Number of property projects that we managed include property projects for which we entered into relevant property management service agreements that did not specify the amount of GFA under management.

4. This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m., respectively.

During the Track Record Period, the property projects that we managed were principally sourced from Dima Group and Affiliated Companies, while the rest were mainly sourced from Independent Third Parties.

The following tables set out the breakdown of (i) our revenue generated from the management of property projects; (ii) our GFA under management; and (iii) number of property projects that we managed based on the source of property projects as at the dates of or for the periods indicated:

	As at/For the year ended 31 December											
	2019				2020				2021			
	Number of property projects that we managed[2]	GFA under management[4] ('000 sq.m.)	Revenue (RMB'000)	%	Number of property projects that we managed[2]	GFA under management[4] ('000 sq.m.)	Revenue (RMB'000)	%	Number of property projects that we managed[2]	GFA under management[4] ('000 sq.m.)	Revenue (RMB'000)	%
Property projects sourced from[1] Dima Group												
Residential properties	38	7,143	162,060	63.0	43	8,616	203,778	58.3	63	11,236	254,559	40.5
Non-residential properties	7	1,054	62,347	24.2	8	1,121	66,626	19.1	10	1,136	71,288	11.3
Sub-total	45	8,197	224,407	87.2	51	9,737	270,404	77.4	73	12,372	325,847	51.8
Property projects sourced from[1] Affiliated Companies												
Residential properties	4	908	17,204	6.7	6	1,401	26,047	7.5	10	1,719	35,536	5.6
Non-residential properties	–	–	–	–	–	–	–	–	–	–	–	–
Sub-total	4	908	17,204	6.7	6	1,401	26,047	7.5	10	1,719	35,536	5.6
Property projects sourced from[1] Independent Third Parties[3]												
Residential properties	22	2,659	14,251	5.5	40	4,262	42,215	12.0	60	7,557	76,347	12.2
Non-residential properties	9	106	1,422	0.6	130	5,654	10,699	3.1	182	6,547	191,298	30.4
Sub-total	31	2,765	15,673	6.1	170	9,916	52,914	15.1	242	14,104	267,645	42.6
Total	80	11,870	257,284	100.0	227	21,054	349,366	100.0	325	28,195	629,028	100.0

Notes:

1. The breakdown of revenue generated from the management of property projects is based on the sources from which our Group obtained the relevant property projects instead of the sources which we derived revenue from. For example, for a property project sourced from Dima Group, our Group may derive income from Dima Group, and property owners, depending on factors such as whether residential properties have been delivered to property owners.

2. Number of property projects that we managed include property projects for which we entered into the relevant property management service agreements that did not specify the amount of GFA under management.

3. Refers to enterprises which are not part of Dima Group or Affiliated Companies, including, among others, third-party developers, property owners' associations and individual property owners.

4. This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m., respectively.

The following tables set out the breakdown of revenue, gross profit and gross profit margin by service type of each business line during the Track Record Period:

	Year ended 31 December								
	2019			2020			2021		
	Revenue *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin** *%*	**Revenue** *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin** *%*	**Revenue** *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin** *%*
Property management services	257,284	45,335	17.6	349,366	82,089	23.5	629,028	145,560	23.1
Community value-added services									
Car parking spaces management services									
– Dima Group	14,063	2,471	17.6	15,162	3,550	23.4	22,437	5,187	23.1
– Affiliated Companies	289	51	17.6	969	227	23.4	3,484	811	23.3
– Independent Third Parties	36,633	6,461	17.6	54,045	12,712	23.5	69,626	16,112	23.1
	50,985	8,983	17.6	70,176	16,489	23.5	95,547	22,110	23.1
Car parking spaces and property sales services									
– Dima Group	42,633	20,221	47.4	56,585	28,613	50.6	65,192	30,322	46.5
– Affiliated Companies	7	3	49.1	187	95	50.6	2,244	1,041	46.4
– Independent Third Parties	24,127	11,427	47.4	12,351	6,299	51.0	14,089	6,584	46.7
	66,767	31,651	47.4	69,123	35,007	50.6	81,525	37,947	46.6
Community events planning services									
– Dima Group	10,910	2,100	19.3	9,410	2,878	30.6	16,773	3,145	18.8
– Affiliated Companies	3,929	756	19.2	2,307	707	30.6	2,853	531	18.6
– Independent Third Parties	690	132	19.1	10,506	3,213	30.6	8,829	1,650	18.7
	15,529	2,988	19.2	22,223	6,798	30.6	28,455	5,326	18.7

	Year ended 31 December								
	2019			2020			2021		
	Revenue (RMB'000)	Gross profit (RMB'000)	Gross profit margin %	Revenue (RMB'000)	Gross profit (RMB'000)	Gross profit margin %	Revenue (RMB'000)	Gross profit (RMB'000)	Gross profit margin %
Property agency services									
– Dima Group	–	–	–	–	–	–	–	–	–
– Affiliated Companies	–	–	–	–	–	–	–	–	–
– Independent Third Parties	6,836	853	12.5	12,582	3,282	26.1	18,962	4,869	25.7
	6,836	853	12.5	12,582	3,282	26.1	18,962	4,869	25.7
Public resources management services									
– Dima Group	–	–	–	–	–	–	–	–	–
– Affiliated Companies	–	–	–	–	–	–	–	–	–
– Independent Third Parties	8,169	4,507	55.2	7,041	3,843	54.6	7,123	3,831	53.8
	8,169	4,507	55.2	7,041	3,843	54.6	7,123	3,831	53.8
Utility maintenance services									
– Dima Group	34	5	15.1	870	137	15.7	400	61	15.3
– Affiliated Companies	11	2	10.6	17	1	7.8	5	–	–
– Independent Third Parties	4,934	728	14.8	4,612	727	15.8	9,436	1,434	15.2
	4,979	735	14.7	5,499	865	15.7	9,841	1,495	15.2
Renovation waste treatment services									
– Dima Group	62	2	2.8	–	–	–	–	–	–
– Affiliated Companies	–	–	–	–	–	–	–	–	–
– Independent Third Parties	7,044	293	4.1	3,878	259	6.7	3,324	216	6.5
	7,106	295	4.2	3,878	259	6.7	3,324	216	6.5

	Year ended 31 December								
	2019			2020			2021		
	Revenue (RMB'000)	Gross profit (RMB'000)	Gross profit margin %	Revenue (RMB'000)	Gross profit (RMB'000)	Gross profit margin %	Revenue (RMB'000)	Gross profit (RMB'000)	Gross profit margin %
Others[(1)]									
– Dima Group	94	2	2.1	151	3	2.1	263	50	19.0
– Affiliated Companies	–	–	–	–	–	–	–	–	–
– Independent Third Parties	15,009	5,151	34.3	14,124	4,109	29.1	41,811	9,424	22.5
	15,103	5,153	34.1	14,275	4,112	28.8	42,074	9,474	22.5
	175,474	55,165	31.4	204,797	70,655	34.5	286,851	85,268	29.7
Value-added services to non-property owners									
Sales assistance services									
– Dima Group	46,005	11,081	24.1	58,640	18,091	30.9	75,023	22,289	29.7
– Affiliated Companies	19,755	4,757	24.1	17,459	5,384	30.8	18,726	5,571	29.8
– Independent Third Parties	3,179	764	24.0	5,963	1,834	30.8	7,774	2,316	29.8
	68,939	16,602	24.1	82,062	25,309	30.8	101,523	30,176	29.7
Maintenance and renovation services									
– Dima Group	12,833	3,146	24.5	60,043	14,471	24.1	54,180	11,533	21.3
– Affiliated Companies	1,238	304	24.5	4,039	1,012	25.1	5,748	1,221	21.2
– Independent Third Parties	103	25	24.3	3,774	907	24.0	3,666	770	21.0
	14,174	3,475	24.5	67,856	16,390	24.2	63,594	13,524	21.3

	Year ended 31 December								
	2019			2020			2021		
	Revenue *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin** *%*	**Revenue** *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin** *%*	**Revenue** *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin** *%*
Pre-delivery consultancy and inspection services									
– Dima Group	20,018	5,774	28.8	27,637	10,057	36.4	24,939	8,217	33.0
– Affiliated Companies	7,750	2,235	28.8	8,941	3,251	36.4	4,503	1,489	33.1
– Independent Third Parties	567	164	29.0	7,560	2,750	36.4	25,179	8,343	33.1
	28,335	8,173	28.8	44,138	16,058	36.4	54,621	18,049	33.0
Additional tailored services									
– Dima Group	9,745	2,567	26.3	9,529	2,838	29.8	27,952	7,927	28.4
– Affiliated Companies	4,792	1,264	26.4	8,043	2,342	29.1	6,727	1,899	28.2
– Independent Third Parties	411	109	26.7	1,011	308	30.5	23,127	6,520	28.2
	14,948	3,940	26.4	18,583	5,488	29.5	57,806	16,346	28.3
	126,396	32,190	25.5	212,639	63,245	29.7	277,544	78,095	28.1
Total/overall	559,154	132,690	23.7	766,802	215,989	28.2	1,193,423	308,923	25.9

Notes:

1. Others include, among others, provision of community convenience services and other ancillary services such as cleaning and mechanical maintenance.

The increase in revenue generated from property management services provided with respect to residential properties during the Track Record Period was primarily due to the continuous increase in (i) the number of residential property projects that we managed; and (ii) GFA under our management with respect to the residential property projects located in Chongqing, Sichuan Province and Hubei Province, which were sourced from Dima Group.

Our revenue generated from community value-added services increased by approximately 16.7% from approximately RMB175.5 million in 2019, to approximately RMB204.8 million in 2020, primarily due to (i) the increase in revenue derived from car parking spaces management services resulting from the increase in the number of residential property projects delivered to us for our management; (ii) the increase in revenue derived from car parking spaces and property sales services mainly resulting from the increase in number of commercial properties, office buildings and car parking spaces sold; and (iii) the increase in revenue derived from community events planning services resulting from continuous increase in both the number of events organised and the average service fee for each event and multiple services, including brand building, annual events planning, and community cultural events and activities planning services we offered to a new customer in 2020. Our revenue from community value-added services increased by approximately 40.1% from approximately RMB204.8 million in 2020 to RMB286.9 million in 2021, primarily due to the combined effect of (i) the continuous increase in revenue derived from car parking spaces management services and car parking spaces and property sales services due to the reasons stated above; and (ii) temporary lockdown measures implemented by PRC government due to the outbreak of COVID-19 in the first half of 2020, which adversely impacted our revenue derived from our various community value-added services, in particular the car parking spaces and property sales services and property agency services, during 2020. For further details regarding the fluctuation in our revenue generated from different types of community value-added services during the Track Record Period, please refer to the sections headed "Financial information – Major items in the consolidated statements of comprehensive income – Revenue – Community value-added services" in this prospectus.

Our revenue generated from value-added services to non-property owners increased from approximately RMB126.4 million in 2019, to approximately RMB212.6 million in 2020 (i) the increase in revenue derived from maintenance and renovation services driven by certain repairing services provided to customers whose properties were damaged by flooding in Chongqing in the second half of 2020 and a number of new engagements for certain renovation waste treatment work provided to property developers; (ii) the increase in revenue derived from pre-delivery consultancy and inspection services resulting from the increase in number of pre-delivery consultancy and inspection service agreements we entered into with Dima Group, which had an increasing number of residential property projects delivered to residents; and (iii) the increase in revenue derived from sales assistance services resulting from the increase in number of sales assistance service agreements we entered into with Dima Group which had an increasing number of residential property projects opened for sale. Our revenue generated from value-added services to non-property owners increased from approximately RMB212.6 million in 2020 to approximately RMB277.5 million in 2021, mainly due to the combined effect of (i) the increase in revenue derived from various value-added services to non-property owners in 2021, in particular from additional tailored services derived from Independent Third Parties in relation to the provision of washing and disinfection of medical fabrics and provision of medical-related necessities in hospital resulting from our acquisition of Shengkang Group which was completed in 2020; and the sales assistance services resulting from the continuous increase in number of sales assistance service agreements we entered into with Dima Group which increased the number of residential property projects opened for sale; and (ii) the temporary lockdown measures implemented by the PRC government due to the outbreak of COVID-19 in the first half of 2020, which adversely impacted our revenue derived from our various value-added services to non-property owners in 2020. For further details regarding the fluctuations in our revenue generated from different services of value-added services to non-property owners, please refer to the section headed "Financial information – Major items in the consolidated statements of comprehensive income – Value-added services to non-property owners" in this prospectus.

Our gross profit margin for property management services increased from approximately 17.6% in 2019 to approximately 23.5% in 2020 primarily benefited from (i) increase in average property management fees rate that we charged for property management services during the Track Record Period; and (ii) our implementation of cost control measures, including outsourcing of certain labour-intensive services. Our gross profit margin for property management services remained stable in 2020 and 2021.

As for our community value-added services, the gross profit margin increased from approximately 31.4% in 2019 to approximately 34.5% in 2020, which was mainly driven by (i) the increase in the proportion of gross profit generated from car parking spaces and property sales services during the two years ended 31 December 2020, which typically generated a relatively higher gross profit margin than other community value-added services, resulting from the increase in number of commercial properties, office buildings and car parking spaces sold; (ii) the increase in gross profit margin for car parking spaces management services provided during the two years ended 31 December 2020, resulting from the increase in revenue mainly driven by the increase in the number of car parking spaces in residential property projects that delivered for our management; and (iii) the increase in our gross profit margin for community events planning services during the two years ended 31 December 2020, which amounted to approximately 19.3% and 30.6%, respectively, which was a result from the gradual development in our community event planning business which was commenced in 2018. Our gross profit margin for our community value-added services decreased from approximately 34.5% in 2020 to 29.7% in 2021. The decreasing gross profit margin for community value-added services provided was mainly driven by (i) the decrease in proportion of gross profit generated from property sales services in 2021, which typically generated a relatively higher gross profit margin than other community value-added services; and (ii) the decrease in gross profit margin of our community events planning services resulting from the incurring of additional upfront costs regarding the development and other one-off expenses, including site renovation, refurbishment and training-related preparation costs, in relation to new social and leisure activities, parent-children activities and various training for residents of properties that we managed in Chongqing in 2021.

As for our value-added services to non-property owners, the gross profit margin was approximately 25.5%, 29.7% and 28.1% for the three years ended 31 December 2021 respectively. For details regarding the fluctuations in the gross profit margin of different services of each of our three business segments, please refer to the section headed "Financial information – Major items in the consolidated statements of comprehensive income – Gross profit and gross profit margin" in this prospectus.

The following tables set out the breakdown of revenue, gross profit and gross profit margin from property management services by geographical regions for the periods indicated:

	Year ended 31 December											
	2019				2020				2021			
	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%	*(RMB'000)*	%	*(RMB'000)*	%	*(RMB'000)*	%
Chongqing	128,411	49.8	23,020	17.9	160,480	45.9	39,615	24.7	188,228	29.9	46,406	24.7
Sichuan Province(1)	66,058	25.7	12,176	18.4	82,238	23.5	19,780	24.1	97,989	15.7	23,380	23.9
Hubei Province(2)	43,119	16.8	7,480	17.4	61,154	17.5	13,322	21.8	84,368	13.4	18,548	22.0
Shanghai	9,607	3.7	1,434	14.9	17,291	5.0	3,866	22.4	75,124	11.9	17,020	22.7
Zhejiang Province(3)	5,832	2.3	685	11.8	11,488	3.3	2,042	17.8	23,504	3.7	4,621	19.7
Jiangsu Province(4)	2,515	1.0	255	10.2	7,495	2.2	1,444	19.3	47,404	7.5	9,368	19.8
Beijing	–	0.0	–	–	–	0.0	–	–	50,644	8.1	13,624	26.9
Others(5)	1,742	0.7	285	16.4	9,220	2.6	2,020	21.9	61,767	9.8	12,593	20.4
Total/overall	257,284	100.0	45,335	17.6	349,366	100.0	82,089	23.5	629,028	100.0	145,560	23.1

Notes:

1. Sichuan Province refers to cities including Mianyang, Chengdu, Zigong, Nanchong, Meishan and Luzhou.

2. Hubei Province refers to cities including Wuhan, Jingzhou, Shiyan, Tianmen, Yichang and Enshi.

3. Zhejiang Province refers to cities including Yiwu, Taizhou, Pinghu, Hangzhou, Wenling, Ningbo, Lishui and Jiaxing.

4. Jiangsu Province refers to cities including Suzhou, Taicang, Jurong, Kunshan, Nanjing, Changzhou, Changshu, Huai'an, Yancheng, Wuxi, Xuzhou and Nantong.

5. Others refers to cities including Guiyang, Kunming, Ruili, Changsha, Foshan, Guilin etc..

During the Track Record Period, property projects managed by us were primarily located in Chongqing, Sichuan Province and Hubei Province, with revenue generated from these areas accounting for an aggregate of approximately 92.3%, 86.9% and 59.0%, respectively, of our total revenue generated from property management services for the three years ended 31 December 2021. In general, the decrease in the percentage of our revenue generated from property management services provided with respect to the property projects located in Chongqing, Sichuan Province and Hubei Province during the Track Record Period reflected our continuous effort to expand our property portfolio and to manage more property projects located in other provinces in the PRC. The aggregate revenue generated from properties projects located in Zhejiang Province, Shanghai and Jiangsu Province increased at a CAGR of approximately 184.8% from approximately RMB18.0 million in 2019 to RMB20.8 million in 2020 and further to RMB146.0 million in 2021.

The following table set out a breakdown of our revenue, number of property projects that we managed, GFA under management, gross profit and gross profit margin generated from property management services by property projects types and type of customers as at or for the periods indicated:

	As at/For the year ended 31 December																	
	2019						2020						2021					
	Number of property projects that we managed[(1)(4)]	GFA under management[(2)] (’000 sq.m.)	Revenue (RMB’000)	% to total revenue for the year (%)	Gross profit[(5)] (RMB’000)	Gross profit margin[(5)] (%)	Number of property projects that we managed[(1)(4)]	GFA under management[(2)] (’000 sq.m.)	Revenue (RMB’000)	% to total revenue for the year (%)	Gross profit[(5)] (RMB’000)	Gross profit margin[(5)] (%)	Number of property projects that we manage[(1)]	GFA under management[(2)] (’000 sq.m.)	Revenue (RMB’000)	% to total revenue for the year (%)	Gross profit[(5)] (RMB’000)	Gross profit margin[(5)] (%)
Property developers																		
• Dima Group and Affiliated Companies																		
1. Residential properties	41	314	11,881	4.6	2,201	18.5	55	765	21,396	6.1	5,240	24.5	43	988	22,034	3.5	5,421	24.6
2. Non-residential properties	3	52	2,990	1.2	675	22.6	10	604	12,925	3.7	3,346	25.9	8	762	17,004	2.7	4,335	25.5
	44	366	14,871	5.8	2,876	19.3	65	1,369	34,321	9.8	8,586	25.0	51	1,750	39,038	6.2	9,756	25.0
• Independent Third Parties[(3)]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sub-total	–	366	14,871	5.8	2,876	19.3	–	1,369	34,321	9.8	8,586	25.0	–	1,750	39,038	6.2	9,756	25.0
Property owners, property owners’ associations and tenants																		
• Dima Group and Affiliated Companies																		
1. Residential properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Non-residential properties	3	30	2,018	0.8	423	21.0	3	83	3,173	0.9	715	22.5	3	199	4,438	0.7	974	22.0
	3	30	2,018	0.8	423	21.0	3	83	3,173	0.9	715	22.5	3	199	4,438	0.7	974	22.0
• Independent Third Parties[(3)]																		
1. Residential properties	64	9,974	181,634	70.6	29,828	16.4	89	17,272	250,644	71.8	57,698	23.0	133	15,437	344,407	54.8	77,097	22.4
2. Non-residential properties	16	1,500	58,761	22.8	12,208	20.8	138	2,330	61,228	17.5	15,090	24.7	192	10,809	241,145	38.3	57,733	23.9
	80	11,474	240,395	93.4	42,036	17.5	227	19,602	311,872	89.3	72,788	23.3	325	26,246	585,552	93.1	134,830	23.0
Sub-total	–	11,504	242,413	94.2	42,459	17.5	–	19,685	315,045	90.2	73,503	23.3	–	26,445	589,990	93.8	135,804	23.1
Total/overall	–	11,870	257,284	100.0	45,335	17.6	–	21,054	349,366	100.0	82,089	23.5	–	28,195	629,028	100.0	145,560	23.1

Notes:

1. Include property projects for which we entered into the relevant property management service agreements that did not specify the amount of GFA under management.

2. Includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m., respectively.

3. Refers to enterprises which are not part of Dima Group or Affiliated Companies, including, among others, third-party developers, property owners' associations and individual property owners.

4. In some circumstances, among a property project, there are (i) units that have been sold and delivered to property owners and/or when property owners' association of such property has been established, property management fees are paid by property owners, property owners' association and/or tenants; and (ii) unsold units and/or when property owners' association of such properties has not been established, property management fees are paid by property developers. Therefore, such property project would be counted towards both the (i) property developers; and (ii) property owners, property owners' association and tenants categories. Thus, the total number of property projects that we managed for the three years ended 31 December 2021 are more than those we disclosed elsewhere in this prospectus.

5. (i) Certain property projects that we managed did not specify the GFA under management on the property management agreements ("**GFA Unspecified Projects**"), calculation of the total gross profit of such property projects was derived from the overall gross profit margin of our property management business line times the revenue generated from such property projects, assuming the overall gross profit margin for GFA Unspecified Projects are in line with the overall gross profit margin of our property management business line.

   (ii) For the rest of the property projects that we managed (i.e. property projects with GFA under management specified on the property management agreements ("**GFA Specified Projects**")), calculation of total gross profit of such property projects was derived from total revenue generated from such property projects minus the total costs of sales of such property projects, while calculation of the total cost of sales of GFA Specified Projects was derived from the total cost of sales of property management business line minus the total cost of sales of GFA Unspecified Projects which was calculated from the total revenue derived from GFA Unspecified Projects minus the total gross profit of GFA Unspecified Projects.

   We assume that the cost of sales of GFA Specified Projects represented the total cost of sales of property management services net of the cost of sales of GFA Unspecified Projects. The cost of sales of GFA Unspecified Projects was calculated based on the overall gross profit margin of property management business line.

   The cost of sales of each GFA Specified Projects is allocated based on the proportion of GFA under management for the relevant property project out of the overall GFA under management for all GFA Specified Projects.

The gross profit margin generated from property management services whose customers were property owners, property owners' associations and tenants and were Dima Group and Affiliated Companies was higher than that of Independent Third Parties in 2019, primarily due to the fact that property management services whose customers were property owners, property owners' associations and tenants and were Dima Group and Affiliated Companies were only provided for non-residential properties, while property management services whose customers are property owners, property owners' associations and tenants and were Independent Third Parties were provided for both residential and non-residential properties. During the Track Record Period, the gross profit margin generated from property management services regarding non-residential properties was typically higher than that of residential properties. For further details and explanation, please refer to the section headed "Financial information – Major items in the consolidated statements of comprehensive income – Gross profit and gross profit margin – Property management services" in this prospectus.

We adopt two fee models under which we charge property management fees on a lump sum basis or commission basis. During the Track Record Period, almost all of our property management fees were charged on a lump sum basis, with the remainder were charged on a commission basis. The following table sets out a breakdown of number of property projects that we managed and total GFA under management based on the fee model as at the dates indicated and revenue, gross profit and gross profit margin generated from property management services based on the fee model during the Track Record Period:

	As at/For the year ended 31 December																	
	2019						2020						2021					
	Number of property projects that we managed[(1)]	GFA under management[(2)]	Revenue	% to total revenue for the year	Gross profit	Gross profit margin	Number of property projects that we managed[(1)]	GFA under management[(2)]	Revenue	% to total revenue for the year	Gross profit	Gross profit margin	Number of property projects that we managed[(1)]	GFA under management[(2)]	Revenue	% to total revenue for the period	Gross profit[(5)]	Gross profit margin[(5)]
		('000 sq.m.)	*(RMB'000)*	%	*(RMB'000)*	%		*('000 sq.m.)*	*(RMB'000)*	%	*(RMB'000)*	%		*('000 sq.m.)*	*(RMB'000)*	%	*(RMB'000)*	%
Lump sum basis	79	11,616	253,322	98.5	41,373	16.3	225	20,781	345,358	98.9	78,081	22.6	322	27,795	624,974	99.4	141,506	22.6
Commission basis	1	254	3,962	1.5	3,962	100.0	2	273	4,008	1.1	4,008	100.0	3	400	4,054	0.6	4,054	100.0
Total/overall	80	11,870	257,284	100.0	45,335	17.6	227	21,054	349,366	100.0	82,089	23.5	325	28,195	629,028	100.0	145,560	23.1

Notes:

1. Number of property projects that we managed include property projects for which we entered into the relevant property management service agreements that did not specify the amount of GFA under management.

2. This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m., respectively.

The gross profit of property projects that we charged property management fee on a lump sum basis increased from approximately RMB41.4 million for the year ended 31 December 2019 to approximately RMB78.0 million for the year ended 31 December 2020 and increased further to approximately RMB141.5 million for the year ended 31 December 2021. Our gross profit margin for property projects that we charged property management fee on a lump sum basis increased from approximately 16.3% for the year ended 31 December 2019 to approximately 22.6% for the year ended 31 December 2020. Such increase in the gross profit and gross profit margin were due to (i) the increase in average property management fees rate for property projects that we charged property management fee on a lump sum basis; and (ii) the implementation of our cost effective measures in our property management business lines. Our gross profit margin remained stable for the year ended 31 December 2021. The gross profit and gross profit margin of property projects that we charged property management fee on a commission basis remained stable.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths are key factors contributing to our success:

- provision of comprehensive property management service in China with a rapid growth track record;

- provision of comprehensive and diversified services catering for different demands of our customers;

- established brand and reputation brought by our customers-satisfied services;

- standardisation and digitalisation and smart management contributing to operational efficiency and enhancement of customers' experience; and

- experienced management team supported by professional team and employee incentive scheme.

OUR STRATEGIES

Our long-term objective is to expand our geographical presence while expanding property portfolio that we manage and our customer base. We intend to achieve our objective by implementing the following strategies:

(i) solidify our market position and expand our property portfolio and business scale with organic growth, strategic acquisitions and investment and synergy from Dima Group;

(ii) continue to improve and enhance our brand awareness, service quality and customer satisfaction and loyalty;

(iii) continue to invest in technology to further enhance our competitiveness and operating efficiency;

(iv) continue to expand along value chain and diversify our value-added service offerings; and

(v) continue to strengthen our corporate culture and attract, cultivate and retain talent to propel our growth.

OUR STRATEGIC BUSINESS RELATIONSHIP WITH AND RELIANCE ON DIMA GROUP AND AFFILIATED COMPANIES

We have maintained a long-standing strategic business relationship with Dima Group and Affiliated Companies. Dima principally engages in property development and manufacturing of vehicles with various types of use in the PRC, its shares are listed on the Shanghai Stock Exchange in the PRC. Dima's property development business principally focuses in Central China (such as Wuhan and Changsha), Southwestern China (such as Chongqing, Mianyang and Chengdu) and Eastern China (such as Shanghai and Hangzhou). As at the Latest Practicable Date, Dima, indirectly through Dima Ruisheng and Tianjin Chengfang, held approximately 51.04% of our total issued share capital. Our Listing constitutes a spin-off from Dima. As a member of Dima Group, a significant portion of our property projects during the Track Record Period was related to the management of property projects sourced from Dima Group and Affiliated Companies.

During the Track Record Period, approximately 9.1 million sq.m., 11.1 million sq.m. and 14.0 million sq.m., representing approximately 76.7%, 52.9% and 50.0% of the total GFA managed by our Group, were attributed to the property projects sourced from Dima Group and Affiliated Companies, respectively, and approximately RMB241.6 million, RMB296.5 million and RMB361.4 million, representing approximately 93.9%, 84.9% and 57.4% of our revenue generated from property management services was contributed from property projects sourced from Dima Group and Affiliated Companies, respectively. Dima Group and its related parties were our largest customers in each of 2019, 2020 and 2021.

According to CIA, 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 Dima Group and Affiliated Companies may continue in the future, we are exploring opportunities to develop business with Independent Third Parties since 2018. During the Track Record Period, approximately 2.8 million sq.m., 9.9 million sq.m. and 14.1 million sq.m., representing approximately 23.3%, 47.1% and 50.0% of the total GFA managed by our Group, were attributed to the property projects sourced from Independent Third Parties, respectively, and approximately RMB15.7 million, RMB52.9 million and RMB267.6 million, representing approximately 6.1%, 15.1% and 42.6% of our revenue generated from property management services was contributed from property projects sourced from Independent Third Parties, respectively. Subsequent to the Track Record Period and up to Latest Practicable Date, our Group has entered into nine new property management service agreements with Independent Third Parties with an additional contracted GFA of approximately 0.1 million sq.m., representing approximately 100.0% of the total contracted GFA of our new engagements obtained during the same period. For further details regarding our measures to minimise our reliance on Dima Group and Affiliated Companies, please refer to the section headed "Business – Our business strategies – Solidify our market position and expand our property portfolio and business scale with organic growth, strategic acquisitions and investment and synergy from Dima Group" in this prospectus.

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

The following tables set out our summary of financial information for the Track Record Period and should be read together with the consolidated financial information in Appendix I to this prospectus, including the accompanying notes, and the information set out in the section headed "Financial information" in this prospectus. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

Summary of consolidated statements of profit or loss and other comprehensive income

	Year ended 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Revenue	559,154	766,802	1,193,423
Cost of sales	(426,464)	(550,813)	(884,500)
Gross profit	132,690	215,989	308,923
Selling and marketing expenses	(17,204)	(23,497)	(27,771)
Administrative expenses	(100,394)	(103,481)	(139,284)
Net impairment (losses)/gains on financial assets	3,213	(1,315)	(3,522)
Other income	7,419	5,808	9,554
Other gains/(losses) – net	(54)	(110)	(315)
Operating profit/(loss)	25,670	93,394	147,585
Finance income	13,061	235	325
Finance costs	(12,747)	(656)	(1,033)
Finance income/(costs) – net	314	(421)	(708)
Share of results of investments accounted for using the equity method	5,521	5,717	7,162
Profit before income tax	31,505	98,690	154,039
Income tax expenses	(5,913)	(14,222)	(23,644)
Profit for the year	25,592	84,468	130,395
Profit and total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company	25,667	84,714	128,720
– Non-controlling interests	(75)	(246)	1,675
	25,592	84,468	130,395

During the Track Record Period, we recorded revenue of approximately RMB559.2 million, RMB766.8 million and RMB1,193.4 million, respectively. The increase in our revenue was mainly attributable to the increase in our revenue derived from each of the property management services, community value-added services and value-added services to non-property owners during the Track Record Period.

During the Track Record Period, our cost of sales amounted to approximately RMB426.5 million, RMB550.8 million and RMB884.5 million, respectively. The increase in our cost of sales was mainly attributable to the increase in our employee benefit expenses and subcontracting costs during the Track Record Period, which were mainly driven by the increase in (i) average staff costs; and (ii) headcount to support the increase in number of property projects under management and GFA under management.

During the Track Record Period, our gross profit amounted to approximately RMB132.7 million, RMB216.0 million and RMB308.9 million, respectively. Such increase in our overall gross profit was due to a combined effect on the increase in our gross profit margins in our business lines. The reasons for the increase of gross profit in our business lines have been set out in paragraph headed "Our business" above.

During the Track Record Period, we recorded net profit of approximately RMB25.6 million, RMB84.5 million and RMB130.4 million, respectively. The increase in our net profit from 2019 to 2021 was primarily due to the increase in gross profit.

For details of the analysis of major items in our consolidated statements of comprehensive income, please refer to the section headed "Financial information – Major items in the consolidated statements of comprehensive income" in this prospectus.

Summary of consolidated statements of financial position

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	49,363	191,462	188,218
Intangible assets	2,316	118,107	114,201
Current assets	710,105	593,635	775,789
Trade and other receivables	446,642	271,758	417,860
Cash and cash equivalents	188,208	233,950	249,162
Current liabilities	600,619	592,106	686,393
Trade payables	62,478	134,629	180,793
Accruals and other payables	444,587	307,508	254,642
Contract liabilities	88,419	118,009	194,632
Borrowings	–	11,000	–
Net current assets	109,486	1,529	89,396
Total assets less current liabilities	158,849	192,991	277,614
Non-current liabilities	33,189	27,491	19,562
Deferred income tax liabilities	350	10,035	9,042
Equity attributable to owners of the Company			
Paid-in capital	19,995	–	–
Share capital	–	50,000	50,000
Other reserves	85,796	66,342	85,692
Retained earnings	19,669	42,493	113,530
	125,460	158,835	249,222
Non-controlling interests	200	6,665	8,830
Total equity	125,660	165,500	258,052

As at 31 December 2019, 2020 and 2021, we recorded intangible assets, net of accumulated amortisation, in the amount of approximately RMB2.3 million, RMB118.1 million and RMB114.2 million respectively. Our significant amount of intangible assets mainly comprised (i) customer relationship of a number of companies acquired by us during the two years ended 31 December 2020; and (ii) goodwill arising out of our acquisitions during the Track Record Period.

As at 31 December 2019, 2020 and 2021, we had non-current assets of approximately RMB49.4 million, RMB191.5 million and RMB188.2 million, respectively. Our non-current assets increased from approximately RMB49.4 million as at 31 December 2019 to approximately RMB191.5 million as at 31 December 2020, primarily due to the increase in intangible assets mainly represented our recognition of customer relationship and goodwill arising from acquisition of GSN Shanghai and Guangxi Shengkang in 2020. Our non-current assets remained stable at approximately RMB188.2 million as at 31 December 2021.

As at 31 December 2019, 2020 and 2021, we had net current assets of approximately RMB109.5 million, RMB1.5 million and RMB89.4 million, respectively.

Our net current assets decreased from approximately RMB109.5 million as at 31 December 2019 to approximately RMB1.5 million as at 31 December 2020, primarily due to (i) the increase in intangible assets of approximately RMB115.8 million mainly attributable to the recognition of goodwill and customer relationship arose from the acquisitions of GSN Shanghai and Guangxi Shengkang for the year ended 31 December 2020 which were mainly settled by cash; (ii) dividend distribution of approximately RMB52.8 million to shareholders; and (iii) the purchase of electronic equipment of approximately RMB5.0 million during the year, partially offset by (a) the net profits of approximately RMB84.5 million for the year ended 31 December 2020; and (b) the increase in deferred income tax liabilities of approximately RMB9.7 million principally resulting from the acquisitions of GSN Shanghai and Guangxi Shengkang for the year ended 31 December 2020 which were mainly settled by cash.

Our net current asset increased from approximately RMB1.5 million as at 31 December 2020 to approximately RMB89.4 million as at 31 December 2021, primarily due to the net profits for the 2021.

As at 31 December 2019, 2020 2021, we had non-current liabilities of approximately RMB33.2 million, RMB27.5 million and RMB19.6 million, respectively. Our non-current liabilities decreased from approximately RMB33.2 million as at 31 December 2019 to approximately RMB27.5 million as at 31 December 2020, primarily due to the decrease in long-term trade payables to nil as at 31 December 2020 due to the settlement of acquisition cost to related parties. Our non-current liabilities further decreased to approximately RMB19.6 million as at 31 December 2021 primarily due to the decrease in lease liabilities as at 31 December 2021, which was resulted from (i) the continuous payment of rent by our Group regarding our leased properties; and (ii) the early termination of certain leases during the year ended 31 December 2021. For more details, please refer to the section headed "Financial information – Description of certain consolidated balance sheet" in this prospectus.

Entrusted Loan Arrangement

In 2016, two of our subsidiaries, namely Chongqing Dongyuan and Sichuan Dongyuan, being the immediate borrowers, entered into the non-recurring Entrusted Loan Arrangement with a commercial bank in the PRC and Dima, being the ultimate borrower by pledging the income derived from the provision of property management services of two subsidiaries of our Company, namely Chongqing Dongyuan and Sichuan Dongyuan, from 1 July 2016 to the settlement date of such borrowing. Our involvement in the Entrusted Loan Arrangement was in support of Dima'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 loan under the Entrusted Loan Arrangement. As advised by our PRC Legal Advisers, the Entrusted Loan Arrangement complied with the relevant laws and regulations. As at the Latest Practicable Date, such loan had been fully settled by us and the relevant security had been released. Our Group will not enter into similar Entrusted Loan Arrangement in the future. For further details regarding the Entrusted Loan Arrangement, please refer to the section headed "Financial information – Indebtedness – Borrowings" in this prospectus.

Non-HKFRS measures

To supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with HKFRS, we also presented adjusted net profit, adjusted net profit margin and adjusted gearing ratio as an additional financial measures. Please refer to the section headed "Financial information – Indebtedness – Borrowings – Non-HKFRS measures" in this prospectus for detailed definitions and methods of calculation.

These non-HKFRS measures eliminate the effect of borrowings and loans due to a related party related to the Entrusted Loan Arrangement. The adjustments have been consistently made during the Track Record Period, such adjustments comply with guidance letter HKEX-GL-103-19. Therefore, we believe these non-HKFRS measures facilitate comparison of our financial performance and position by eliminating the impact of items and therefore provide more useful information to investors and others in understanding and evaluating our consolidated results of operation and financial position in the same manner as our management. Our presentation of these non-HKFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operation or financial condition as reported from HKFRS.

The following table reconciles our adjusted net profit for the year presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs, which is profit for the years indicated:

	Year ended 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Profit for the year	25,592	84,468	130,395
Adjusted by:			
– Interest income from loans to related parties related to the Entrusted Loan Arrangement	(12,531)	–*Note*	–*Note*
– Interest expense on borrowings related to the Entrusted Loan Arrangement	12,531	–*Note*	–*Note*
Adjusted net profit	25,592	84,468	130,395

Note: The loan related to the Entrusted Loan Arrangement had been fully repaid by us and the relevant security had been released in 2019.

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

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total equity	125,660	165,500	258,052
– Income and expenses related to borrowings and loans to a related party related to the Entrusted Loan Arrangement	(47)	–*Note*	–*Note*
Adjusted total equity	125,613	165,500	258,052

Note: The loan related to the Entrusted Loan Arrangement had been fully repaid by us and the relevant security had been released in 2019.

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

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total debt[1]	6,159	29,117	10,374
– Borrowings related to the Entrusted Loan Arrangement	–[2]	–[2]	–[2]
Adjusted total indebtedness	6,159	29,117	10,374

Notes:

(1) Total debt being the aggregate of total borrowings and lease liabilities.

(2) The loan related to the Entrusted Loan Arrangement had been fully repaid by us and the relevant security had been released in 2019.

The following table sets out the impact of the Entrusted Loan Arrangement on our net profit, net profit margins and gearing ratios during the Track Record Period after excluding other income and interest expenses in relation to the Entrusted Loan Arrangement from our financial results as of the dates and for the year indicated:

	Year ended 31 December		
	2019	**2020**	**2021**
Before adjusting for the Entrusted Loan Arrangement:			
Net profit for the year (RMB'000)	25,592	84,468	130,395
Net profit margin (%)	4.6	11.0	10.9
Gearing ratio (%)	4.9	17.6	4.0
After adjusting for the Entrusted Loan Arrangement:			
Adjusted net profit for the year	25,592	84,468	130,395
Net profit margin (%)	4.6	11.0	10.9
Gearing ratio (%)	4.9	17.6	4.0

Please refer to the section headed "Financial information – Indebtedness – Borrowing" in this prospectus for further details.

Summary of consolidated statements of cash flows information

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Operating cash flows before changes in working capital	50,263	103,761	170,662
Changes in working capital	210,389	203,940	(8,298)
Refund of income tax for prior years	–	4,650	–
Income tax paid	(24,062)	(8,825)	(26,291)
Net cash generated from operating activities	236,590	303,526	136,073
Net cash generated from/(used in) investing activities	330,524	39,460	(78,451)
Net cash used in financing activities	(466,210)	(297,244)	(42,410)
Net increase/(decrease) in cash and cash equivalents	100,904	45,742	15,212
Cash and cash equivalents at beginning of the year	87,304	188,208	233,950
Cash and cash equivalents at end of the year	188,208	233,950	249,162

We had relatively higher net cash generated from operating activities of RMB303.5 million in 2020 mainly because of the positive movements in working capital in that year. Net cash from operating activities amounted to approximately RMB136.1 million in 2021, primarily reflecting (i) profit before income tax of approximately RMB154.0 million; (ii) positive movement of operating cash flow before movements in working capital of approximately RMB16.6 million, which primarily reflected depreciation of property and equipment of approximately RMB6.2 million, amortization of intangible assets of approximately RMB5.5 million, depreciation of right-of-use assets of approximately RMB5.4 million and provision for impairment of trade receivables of approximately RMB3.5 million, partially offset by the share of results of investment in joint ventures and associates of approximately RMB7.2 million; (iii) negative movements in working capital of approximately RMB8.3 million, which primarily reflected the increase in trade receivables of approximately RMB143.4 million, the increase in prepayment and other receivables of approximately RMB16.1 million, partially offset by the decrease in inventories of approximately RMB1.7 million, the increase in trade payables of approximately RMB46.2 million and increase in accruals and other payables of approximately RMB103.3 million; and (iv) income tax paid of approximately RMB26.3 million.

Despite our positive net cash generated from operating activities for the three years ended 31 December 2021, we aim to further strengthen our operating cash flow position by adopting the following means:

i. establish an early warning system for monitoring trade receivables according to their respective age ranking and property types;

ii. set property management fees collection rate as a performance indicator and establish a special team to monitor the collection status, conduct regular assessment and analysis, and closely follow up on collection of outstanding amounts of trade receivables;

iii. designate special personnel to track the progress of collecting property management fees due from related parties, and regularly evaluate employee performance based on property management fees collection rate;

iv. regularly send demand letters to property owners who have defaulted on payment for more than one and a half years to preserve our right to initiate potential litigation; and

v. for property owners who have defaulted on payment without giving any reason and those who have defaulted on payment for more than one year and cannot reach any agreement with us, we will initiate litigation to ensure the payment recovery.

Our net cash generated from investing activities decreased from approximately RMB330.5 million in 2019 to approximately RMB39.5 million in 2020 mainly due to the repayment of advances to related parties of approximately RMB66.6 million. Our net cash used in investing activities was approximately RMB78.5 million for the year ended 31 December 2021, primarily reflecting (i) the advances to related parties of approximately RMB155.3 million; and (ii) payment for acquisition of subsidiaries, net of cash and cash equivalents acquired of approximately RMB71.1 million; partially offset by repayment of loans and advances to related parties of approximately RMB160.3 million. Our net cash used in financing activities decreased from approximately RMB466.2 million in 2019 to RMB297.2 million in 2020 and further decreased to approximately RMB42.4 million in 2021, generally due to the decrease in the repayment of bank borrowings and repayments of advances from related parties during the Track Record Period. For more details, please refer to the section headed "Financial information – Liquidity and capital resources" in this prospectus.

Rule 13.46(2) of the Listing Rules requires an overseas issuer to send an annual report or a summary financial report to its shareholders within four months after the end of the financial year to which the report relates. As this prospectus already includes the financial information of the Company for the year ended 31 December 2021 as required under Appendix 16 to the Listing Rules, we will not separately prepare and send an annual report to our Shareholders for the year ended 31 December 2021, which will not be in breach of the Articles of Associations, laws and regulations of the PRC or other regulatory requirements. In addition, we will issue an announcement by 30 April 2022 stating that we will not separately prepare and send an annual report to our Shareholders for the year ended 31 December 2021 as the relevant financial information has been included in this prospectus. Further, we have complied with applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and the Model Code for Securities Transactions by the Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

KEY FINANCIAL RATIOS

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

	Year ended/as at 31 December		
	2019	**2020**	**2021**
Current ratio *(Note)*	118.2%	100.3%	113.0%
Gearing ratio *(Note)*	4.9%	17.6%	4.0%
Return on assets *(Note)*	3.4%	10.8%	13.5%
Return on equity *(Note)*	20.5%	53.3%	51.6%

Note: Please refer to the section headed "Financial information – Key financial ratios" in this prospectus for further details regarding the calculation basis.

Our gearing ratio increased from approximately 4.9% in 2019 to approximately 17.6% in 2020 primarily due to our increase in bank borrowing in 2020. Our gearing ratio decreased from approximately 17.6% as at 31 December 2020 to approximately 4.0% as at 31 December 2021, primarily due to the (i) the increase in our retained earnings of approximately 167.2% as at 31 December 2021; (ii) the decrease in our lease liabilities; and (iii) the decrease in our borrowings, which had been fully repaid in 2021.

Our return on assets increased from approximately 3.4% in 2019 to approximately 10.8% in 2020, primarily due to the increase in profit for the year ended 31 December 2020. Our return on assets increased from approximately 10.8% for the year ended 31 December 2020 to approximately 13.5% for the year ended 31 December 2021 primarily due to increase in profit for the year ended 31 December 2021.

Our return on equity increased from approximately 20.5% in 2019 to approximately 53.3% in 2020, primarily due to the increase in profit of approximately 230.1% between 2019 and 2020 which was larger than the increase in total equity of approximately 31.7% as at 31 December 2019 and 2020. The increase in total equity was primarily due to the increase in retained earnings of approximately 116.0% resulting from our profit generated in our operation. Our return on equity slightly decreased from 53.3% in 2020 to approximately 51.6% in 2021, primarily due to the increase in total equity attributable to owners of the Company by approximately 56.9% as at 31 December 2021 compared to that as at 31 December 2020 as mainly driven by the increase in retained earnings of approximately 167.2% as at 31 December 2021 resulting from our Group's profit generated in its operation.

OUR CUSTOMERS AND SUPPLIERS

Our customer base mainly consists of property developers, property owners, residents and enterprises. The following table sets out the main types of our major customers for each of our three business lines:

Business lines	Major customers
Property management services	Property developers, property owners, residents and enterprises
Value-added services to non-property owners	Property developers
Community value-added services	Property owners and residents

In each of 2019, 2020 and 2021, sales to our five largest customers amounted to approximately RMB224.6 million, RMB339.6 million and RMB430.0 million, respectively, representing approximately 40.2%, 44.2% and 35.9% of our total sales respectively. In each of 2019, 2020 and 2021, our largest customer was Dima Group and its related parties, to whom we provided comprehensive property management services. In each of 2019, 2020 and 2021, among our five largest customers, our sales to Dima Group and its related parties amounted to approximately RMB211.1 million, RMB317.5 million and RMB374.9 million, respectively, representing approximately 37.7%, 41.4% and 31.4% of our total sales, respectively. Since 2018, we have started to diversify our customer base. Our five largest customers other than Dima Group and its related parties in each of 2019, 2020 and 2021 include, among others, property developer, property management service provider, government bureaus, integrated financial services provider, health services provider, and cultural and artistic exchange event planning service provider. In each of 2019, 2020 and 2021, our sales to them amounted to approximately RMB13.5 million, RMB22.1 million and RMB55.1 million, respectively, representing approximately 2.5%, 2.8% and 4.5% of our total sales, respectively. Our customers also include logistics companies, PRC government authorities, local and international schools, hospitals, consulate generals from different foreign countries, and branch offices in the PRC of Fortune Global 500 foreign-owned enterprises.

Our suppliers are primarily third-party subcontractors located in the PRC which provide cleaning, security, landscaping and certain repair and maintenance services. In each of 2019, 2020 and 2021, purchases from our five largest suppliers amounted to approximately RMB54.5 million, RMB73.9 million and RMB97.7 million, respectively, representing approximately 27.3%, 24.6% and 18.3% of our total purchases respectively. In each of 2019, 2020 and 2021, purchases from our largest suppliers amounted to approximately RMB16.7 million, RMB21.3 million and RMB28.1 million, respectively, representing approximately 8.4%, 7.1% and 5.3% of our total purchases respectively.

We delegate certain labour-intensive services and specialised services, primarily cleaning, security, landscaping, and repair and maintenance services, to third-party subcontractors. As at 31 December 2019, 2020 and 2021, we engaged 177, 244 and 279 third-party subcontractors. In each of 2019, 2020 and 2021, our subcontracting costs amounted to approximately RMB110.2 million, RMB162.3 million and RMB311.9 million, accounting for approximately 25.8%, 29.5% and 35.1% of our total cost of sales respectively.

During the Track Record Period, among our top five customers and suppliers, we had two overlapping customers and suppliers, including Dima Group. For further details, please refer to the section headed "Business – Customers and suppliers – Overlapping customers and suppliers" in this prospectus.

ACQUISITIONS DURING THE TRACK RECORD PERIOD

Pursuant to our investment and acquisition strategy with a view to acquire property management companies with attractive property portfolio, we acquired the following equity interests during the Track Record Period: (i) 100% equity interests of Chongqing Shengdu; (ii) 50% equity interests of Mianyang Ruisheng; (iii) 100% equity interests of Hubei Zhonghe; (iv) 100% equity interests of Luzhou Kuayue; (v) 100% equity interests of GSN Shanghai; and (vi) 51% equity interests of Guangxi Shengkang during the Track Record Period. Pursuant to Rule 4.05A of the Listing Rules, where a new applicant acquires any material subsidiary or business during the trading record period and such an acquisition if made by a listed issuer would have been classified at the date of application as a major transaction or a very substantial transaction, it must disclose pre-acquisition financial information on that material subsidiary or business from the commencement of the trading record period (or if the material subsidiary or business commenced its business after the commencement of the trading record period, then from the date of the commencing of its business) to the date of acquisition. Our Directors confirm that each of the above-mentioned acquisitions during the Track Record Period was neither classified as a major transaction nor a very substantial transaction as at the date of our Listing application and, thus, the requirements under Rule 4.05A of the Listing Rules do not apply on each of the above-mentioned acquisitions during the Track Record Period.

By acquiring Shengkang Group, we also diversify our service portfolio for value-added services to non-property owners. In addition, in order to enhance and diversify our service portfolio for community value-added services, in particular community events planning services, we also acquired Yuanji Culture during the Track Record Period. For details of the acquisitions of companies during the Track Record Period (including the relevant considerations, basis of determination of considerations and the benefits of such acquisitions), please refer to the sections headed "History and development – Acquisitions during the Track Record Period" and "Business – Acquisition of companies during the Track Record Period" in this prospectus.

SHAREHOLDERS' INFORMATION

Controlling Shareholders

Immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised), Tianjin Chengfang will directly own approximately 38.28% of the total issued share capital of our Company. Tianjin Chengfang is wholly owned by Dima Ruisheng, which is in turn wholly owned by Dima. Accordingly, Dima, Dima Ruisheng and Tianjin Chengfang are considered to be a group of Controlling Shareholders. For further details of our Controlling Shareholders, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus. Save as disclosed in the section headed "Relationship with our Controlling Shareholders" in this prospectus, none of our Controlling Shareholders is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Non-Competition Undertaking in favour of our Company to the effect that it will not, and will procure its respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business.

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

Doyen Debt Restructuring

Dima was owned by Mr. Lo and Ms. Zhao, including their indirect shareholdings through Chongqing Shuorun and Chongqing Doyen, as to approximately 42.16% as at the Latest Practicable Date.

Since the fourth quarter of 2017, Chongqing Doyen and certain of its subsidiaries (including Chongqing Shuorun and Jiangsu Jiangdong Group Co., Ltd* (江蘇江動集團有限公司) ("**Jiangsu Jiangdong**"), together the "**Doyen Group**")) experienced financial difficulties and defaulted on certain of their loans, and part of the securities for the relevant loans of Chongqing Shuorun and Jiangsu Jiangdong are 1,074,450,283 shares in Dima held by Mr. Lo And His Associates (i.e. Chongqing Doyen, Mr. Lo, Ms. Zhao and Chongqing Shuorun).

Since 30 November 2017 and up to the Latest Practicable Date, the Creditors of some of the abovementioned loans applied to courts in the PRC for judicial preservation ("**司法凍結**") ("**Judicial Preservation**") of the shareholdings in Dima held by Mr. Lo And His Associates in order to obtain prioritisation in enforcing their rights under the relevant loan agreements. Such Judicial Preservation was made on 1,074,450,283 shares of Dima, in aggregate, held by Mr. Lo And His Associates, representing approximately 42.16% of the shareholdings of Dima as at the Latest Practicable Date. Such Judicial Preservation is effective for a period of three years from the date of the notice of formal judicial preservation. For further details relating to the shares of Dima subject to Judicial Preservation, please refer to the section headed "Relationship with our controlling shareholders – Doyen Debt Restructuring – Judicial preservation of the shareholding in Dima held by Mr. Lo And His Associates" in this prospectus.

As at the Latest Practicable Date, and so far as our Company is aware of, the Doyen Debt Restructuring is still ongoing, and based on publicly available information and the respective confirmations from Mr. Lo And His Associates, no judgment has been made against the Doyen Group or any of Mr. Lo And His Associates which would lead to a transfer of the shareholdings in Dima from Mr. Lo And His Associates to the Creditors. Based on the foregoing, although the shareholdings in Dima held by Mr. Lo And His Associates are still subject to Judicial Preservation, our Directors are of the view that the Judicial Preservations would not likely affect the business operation and financial performance of our Company as no judgment has been made against the Doyen Group or any of Mr. Lo And His Associates as at the Latest Practicable Date. Further, so far as the Company is aware of, and as confirmed by Chongqing Financial Bureau, being the competent authority to participate in and deal with the Restructuring Proposal as advised by our PRC Legal Advisers, the Restructuring Proposal has been implemented as planned as Chongqing Doyen has repaid all required interest from 2019 to 2021, thus no judicial auction process (with regard to the Dima Preserved Shares) has commenced. As all the required interest has been paid by Chongqing Doyen as at the Latest Practicable Date, our Directors are of the view that all or part of the Dima Preserved Shares held by Mr. Lo And His Associates are not likely to be disposed of prior to the expiry of the Doyen Debt Restructuring period for settlement of the outstanding debt or part thereof.

However, as the Doyen Debt Restructuring is still ongoing, there is no assurance that all or part of the shareholdings held by Mr. Lo And His Associates in Dima will not be disposed of to the Creditors or other third party(ies) for settlement of the outstanding debt or part thereof. In the event that Mr. Lo And His Associates were not able to repay in full upon the lapse of the Doyen Debt Restructuring period, as advised by our PRC Legal Advisers, with the Dima Preserved Shares being subject to the Judicial Preservation in favour of the Creditors, the Creditors may dispose of all Dima Preserved Shares through judicial auction process.

In case the Creditors enforce their rights over the Dima Preserved Shares and all Dima Preserved Shares are subsequently transferred to one single new shareholder, i.e. the Possible New Dima Shareholder, in bulk and assuming that (i) such Possible New Dima Shareholder does not have any other shareholdings in Dima and/or our Company; (ii) there are no changes in the shareholdings in both Dima and our Company, save as all Dima Preserved Shares being transferred to the Possible New Dima Shareholder; and (iii) all shareholders of Dima or our Company attend relevant shareholders' general meeting(s), our Directors are of the view that the legal structure and the operation of Dima Group and our Company will not be materially affected due to the reasons elaborated in the sections headed "Relationship with our controlling shareholders – Doyen Debt Restructuring – A. Possible impact on Dima Group" and "Relationship with our controlling shareholders – Doyen Debt Restructuring – B. Possible impact on our Company" in this prospectus. Based on the assumption and analysis stated in the sub-sections referred to above, should all Dima Preserved Shares be transferred to the Possible New Dima Shareholder(s), the Possible New Dima Shareholder(s) would not be able to exert substantial influence on Dima as well as our Company on both board and shareholders level, and daily operation thereof.

Pre-IPO Investments

In late 2020, our Group introduced the Pre-IPO Investors, namely Kingdom Vast and Harvest Property. They are both private investors which look for different investment opportunities. They acquired from Dongyuan Real Estate an aggregate of approximately 38.98% of the total issued share capital in our Company at a total consideration of RMB99.7 million. For further details, please refer to the section headed "History and development — Pre-IPO Investments" in this prospectus.

HIGHLIGHTS OF RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We believe a few of the more significant risks relating to our business are as follows:

- our historical results may not be indicative of our future prospects and results of operation and our future growth may not materialise as planned, and failure to manage any future growth effectively may have a material adverse effect on our business, financial position and results of operation;

- a substantial portion of our revenue is generated from property management services we provide to property projects sourced from Dima Group which we do not have control over;

- we may not procure new property management service agreements as planned or at desirable pace or price and our profitability depends on our ability to obtain new customers and retaining existing customers;

- termination or non-renewal of our property management service agreements for a significant number of property projects could have a material adverse effect on our business, financial position and results of operation;

- our future acquisitions of or investment in other companies may not be successful and may involve uncertainties and risks, including, the inability to identify suitable acquisition targets or complete acquisitions;

- our future acquisitions or investment in other companies may not be successful and we may face difficulties in integrating acquired operations with our existing business;

- our ability to maintain or improve our current level of profitability depends on our ability to control operating cost, in particular, staff and subcontracting costs, and our profit margins and results of operation may be materially and adversely affected by the increase in staff or subcontracting or other operating costs;

- we may be subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis;

- we recorded intangible assets, including goodwill and customer relationship, on our consolidated statement of financial position in connection with the acquisitions of Hubei Zhonghe, Chongqing Shengdu, GSN Shanghai and Guangxi Shengkang during the Track Record Period. Any recognition of impairment losses on such intangible assets would adversely affect our financial position; and

- as a majority of our trade receivables during the Track Record Period were attributable to related parties, we are subject to credit risks and recoverability risks relating to such trade and other receivables.

As different interpretations and standards may be applied for determining the materiality of a risk, you should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described in the section headed "Risk factors" in this prospectus.

LISTING EXPENSES

The total estimated listing expenses ("**Listing Expenses**") in connection with the Global Offering, including underwriting commission, is approximately RMB53.5 million (based on the mid-point of the indicative Offer Price range of HK$13.65 per Offer Share and assuming no Over-allotment Option will be exercised), representing approximately 20.5% of the gross proceeds from the Global Offering (assuming an Offer Price of HK$13.65 per Offer Share, being the mid-point of the indicative Offer Price range and before the exercise of the Over-allotment Option), among which, (a) approximately RMB48.3 million is attributable to the issuance of Offer Shares and will be charged to equity upon completion of the Global Offering, (b) approximately RMB1.0 million had been charged to our consolidated statement of comprehensive income for the year ended 31 December 2021; and (c) approximately RMB4.2 million will be charged to our consolidated statement of comprehensive income for the year ending 31 December 2022. Listing expenses of approximately HK$66.0 million incurred for engagement of professional parties in connection with Listing and the underwriting commission relating to underwriting the new Shares of the Global Offering are to be borne by our Company as all professional services rendered in connection with Listing are for our Company's benefits and interests to be brought by its listing status. These Listing expenses mainly comprise professional fees paid and payable to the professional parties for their services rendered in relation to Listing and the Global Offering which are non-underwriting related expenses, including fees for the Sole Sponsor, legal advisers and reporting accountant of our Company of approximately HK$42.1 million, and other non-underwriting-related fees and expenses of approximately HK$14.0 million, as well as the non-professional fees payable to the Underwriters and other relevant parties in connection to underwriting the new Shares of the Global Offering, including the underwriting commission (including SFC transaction levy, Stock Exchange trading fee and FRC transaction levy) of approximately HK$9.9 million.

Since the aforementioned fees and expenses are comparable to the same for other companies which are recently listed on the Main Board of the Stock Exchange, our Directors are of the view that they are not material or unusually high. Up to year ended 31 December 2021, we have incurred listing expenses of approximately RMB22.5 million for the Global Offering, of which RMB1.0 million had been charged to our consolidated statement of comprehensive income for the year ended 31 December 2021 and RMB21.5 million had been included in prepayments and will be recognised as a deduction in equity upon completion of the Global Offering. We expect to incur additional listing expenses of approximately RMB31.0 million until completion of the Global Offering, of which approximately RMB4.2 million is expected to be charged to our consolidated statements of comprehensive income for the year ending 31 December 2022 and approximately RMB26.8 million is expected to be recognised as a deduction in equity directly. Our Directors do not expect that our listing expenses will have a material adverse impact on our financial performance for the year ending 31 December 2022.

REASONS FOR THE SPIN-OFF

In early 2020, considering that our business is growing rapidly with an increasing number of property projects sourced from Independent Third Parties, the board of directors of Dima believes that it was an appropriate time to pursue a separate listing for our Group, while capitalising on the benefits brought by our acquisition of companies during the Track Record Period as stated under the section headed "History and development – Acquisitions during the Track Record Period" in this prospectus through adopting a vertical structure with control retained over our Group upon completion of the Spin-off. As such, Dima passed a shareholders' resolution on 24 December 2020 to approve the Spin-off, with the validity period being 18 months from the date of the resolution. In addition, Dima Group considers that it is commercially beneficial and in the interest of the shareholders of Dima Group to effect the Spin-off as it is expected that the Spin-off will create greater value for Dima Group and its shareholders as a whole. For further details, please refer to the section headed "History and development – Reasons for the Spin-off" in this prospectus.

Listing constitutes a spin-off from Dima. The CSRC has given us its approval for listing of our H Shares on the Stock Exchange and the Global Offering on 11 October 2021. As advised by our PRC Legal Advisers, our Company has obtained all necessary approvals and authorisations in relation the Global Offering and Listing. The shareholders' approval of Dima Group for the Spin-off has been obtained on 24 December 2020.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an indicative Offer Price of HK$13.65 per Offer Share (being the mid-point of the Offer Price range), will be approximately HK$189.6 million, after deduction of underwriting fees, commissions and estimated expenses paid and payable by us in connection with the Global Offering, assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 65.0%, or HK$123.2 million, will be used to expand our property portfolio and business scale through strategic investments, cooperation and acquisition;
- approximately 16.5%, or HK$31.3 million, will be used to improve service quality and extend our service offering along the value chain of property management to enhance our customer satisfaction and loyalty, as well as to satisfy differentiated demands from customers;
- approximately 8.5%, or HK$16.1 million, will be used to upgrade and develop our intelligent systems; and
- approximately 10.0%, or HK$19.0 million, will be used for general working capital.

Regarding our use of proceeds for strategic investments, as many of our competitors, including but not limited to those that are listed on the Stock Exchange, are also looking for property management company(ies) in the PRC as acquisition target(s) around the same time, we may not be able to complete acquisition(s) on terms favourable or acceptable to us, in a timely manner, or at all, or materialize our acquisition plan. Please refer to the section headed "Risk factors – Risks relating to our business and industry – Our future acquisitions of or investment in other companies may not be successful and we may face difficulties in integrating acquired operations with our existing business" in this prospectus for further details.

For further details regarding our use of net proceeds, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

OFFERING STATISTICS

	Based on the Offer Price of HK$11.90 per Offer Share	**Based on the Offer Price of HK$15.40 per Offer Share**
Market capitalisation of our Shares[(1)]	HK$793.33 million	HK$1,026.67 million
Unaudited pro forma adjusted net tangible assets per Share[(2)]	HK$4.61	HK$5.46

Notes:

(1) The calculation of market capitalisation is based on 66,666,667 Shares expected to be in issue and outstanding following completion of the Global Offering, assuming the Over-allotment Option is not exercised.

(2) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the section headed "Unaudited pro forma financial information" in Appendix II to this prospectus and on the basis of 66,666,667 Shares expected to be in issue and outstanding following completion of the Global Offering, assuming the Over-allotment Option is not exercised.

The unaudited pro forma adjusted net tangible assets per Share would have been HK$4.61 (equivalent to RMB3.74) and HK$5.46 (equivalent to RMB4.43) per Share based on the Offer Price of HK$11.90 and HK$15.40, being the low-end and high-end, respectively.

DIVIDEND

In 2020 and 2021, our Company declared dividends amounting to RMB52.8 million and RMB40.0 million, respectively, to its shareholders at the relevant time, namely (i) Dongyuan Real Estate, Tianjin Chengfang, and Tianjin Partnership for 2020; and (ii) Tianjin Chengfang, Tianjin Partnership, Kingdom Vast and Harvest Property for 2021. Save as aforementioned, no dividend has been paid or declared by our Group during the Track Record Period.

Subject to the provisions of the Articles of Association and applicable PRC laws and regulations, the payment and amounts of dividends (if any) depend on our results of operation, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and others factors which we consider relevant. Holders of our Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on our Shares. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders.

For more information on our dividend, please refer to the section headed "Financial information – Dividend" in this prospectus.

REGULATORY COMPLIANCE

During the Track Record Period, we did not comply with certain applicable laws and regulations, namely failure to contribute fully to social insurance and housing provident fund contributions for certain of our employees.

Please refer to the section headed "Business – Legal proceedings and non-compliance – Non-compliance" in this prospectus.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent changes in regulatory environment of the PRC real estate market

The Property Management Notice and Continuous Improvement Notice

In 2020 and 2021, there have been recent changes in the regulatory environment of the PRC real estate market. The relevant PRC regulatory authorities, including but not limited to, MOHURD, published (i) the Property Management Notice in December 2020; and (ii) Continuous Improvement Notice in July 2021. The Continuous Improvement Notice aims to rectify and standardise the real estate market order in the PRC by highlighting main focuses for improvement, while the Property Management Notice accelerates the development of the property management industry and promotes high-quality of property management services.

Continuous Improvement Notice

As property construction activities and property development businesses are our upstream activities and businesses along the value chain of real estate industry, the implementation of Continuous Improvement Notice may indirectly affect our business operations. Having considered that (1) there have not been any delays for those new property projects which are expected to be delivered or handed over for our management after the publication of the Continuous Improvement Notice; (2) there have not been any material delays in repayment from our major customers (including but not limited to Dima Group and Affiliated Companies) after the publication of the Continuous Improvement Notice; (3) to the best of our Directors' knowledge and belief, none of our major customers which are property developers have been subject to inspection under the Continuous Improvement Notice; (4) we were not under investigations and subject to any penalties imposed by governmental authorities regarding our provision of services during the Track Record Period and up to the Latest Practicable Date; and (5) the quality of our Group's services have been recognised by different entities as well as its customers (for further details, please refer to the section headed "Business – Quality control – Quality control over our services" and "Business – Award and recognitions" in this prospectus), our Directors are of the view that the implementation of the Continuous Improvement Notice is not expected to have material impact on our Group's business operation and financial performance both in short term and long term.

As advised by our PRC Legal Advisers, given we, during the Track Record Period and up to the date of this prospectus, (i) have complied with the requirements set out in the Continuous Improvement Notice in material aspects, such as providing property management services in accordance with the scope and standard of services set out in the relevant property management services agreement entered into with our customers as required by the Continuous Improvement Notice; (ii) had no material pending litigation or proceeding relating to the performance of property management service agreements; and (iii) were not subject to any material fines or administration penalties due to non-compliance with or violation of the Continuous Improvement Notice, we had complied with the Continuous Improvement Notice in all material aspect.

Property Management Notice

With respect to the Property Management Notice, our Directors are of the view that the relevant requirements regarding:

(a) formulation on property owners' association would (i) enhance the protection and enforcement of the rights of property service providers contemplated under the property service agreements entered into with property owner' committee; and (ii) reduce the chance of property owners default in payment of property management fees, which would eventually benefit our business operations and financial performance;

(b) property management services contracting would create a more transparent market, enhance our competitiveness and our chance to be engaged by more new independent customers;

(c) encouragement of the usage of biometric authentication would enable property owners and residents in residential properties under our management to benefit from having greater convenience and higher security, which may lead to an increase in their loyalty to our services; and

(d) compulsory consumption of community value-added services would support us to implement one of our business strategies, i.e. to diversify our value-added service offerings.

Biometric Regulatory Requirements

There has been increasing biometric regulatory requirements ("**Biometric Regulatory Requirements**") imposed by local governments in different areas across the PRC, such as Sichuan and Hangzhou, to enhance the protection thereof. For further details, please refer to the sections headed "Regulatory overview – Regulation on our other businesses – Regulations on information security and privacy protection" and "Industry overview – The PRC property management industry – Overview of the Top 100 Property Management Companies" in this prospectus. According to the Biometric Regulatory Requirements, which was be implemented in early 2022, property management service providers shall be prohibited to require property owners and/or residents at the property projects that they manage to use biometric authentication compulsorily. As advised by our PRC Legal Advisers, any biometric information can only be obtained from property owners and/or residents at the property projects that property management service providers manage for use of biometric authentication if (i) the property management service providers can demonstrate it is necessary to do so; (ii) property management service providers adhere to all national and regional laws and regulations regarding privacy protection of personal information; and (iii) consents have been obtained from biometric information providers, i.e. property owners and/or residents at the property projects that property management service providers manage. As we have fulfilled all of the abovementioned requirements, in particular, faces or other biometric information of the residents are only registered for our biometric recognition system upon the receipt of their written consent according to our Group's policy, we have never required and will not require the residents to use biometric authentication compulsorily. Accordingly, our PRC Legal Advisers are of the view that our Group has complied with the requirements under the Biometric Regulatory Requirements during the Track Record Period and up to the date of this prospectus, even prior to its implementation. Therefore, our Directors are of the view that we are not required to take further material action and incur extra material costs for compliance with the Biometric Regulatory Requirements. Based on the foregoing, our Directors are of the view that the implementation of the Biometric Regulatory Requirements in early 2022 will unlikely result in any material adverse impact on our business operations and financial performance both in short term and long term.

Based on the discussions set out in the section headed "Business – Recent changes in the regulatory environment of the PRC real estate market – The Property Management Notice" in this prospectus, our Directors are of the view that the Property Management Notice will not have a material impact on our Group's business operation and financial performance in both short and long terms, rather its implementation will be beneficial to the business operations and financial performance of our Group in the long term.

For further details, please refer to the section headed "Business – Recent changes in the regulatory environment of the PRC real estate market" in this prospectus.

The proposed three red-lines policy

In a public forum held in August 2020, the MOHURD, the PBOC and certain property developers jointly discussed the long-term regulatory mechanisms for the real estate sector in the PRC, which indicated that the proposed new standards, regulations or rules governing the external financing of property developers in the PRC. For further details of the proposed three red-lines policy, please refer to the section headed "Regulatory overview – Recent changes in the PRC real estate regulatory policies – The proposed three red-lines policy" in this prospectus.

According to CIA, the "three red-lines" policy will mainly affect the real estate industry, in particular for the property developers which have relatively higher level of debts. The implementation of "three red-lines" policy makes it difficult for some property developers to achieve a quick and massive expansion through financial leverage, which in turn pose challenges to property management service providers that rely on these companies for source of projects. In early 2022, financial institutions in the PRC have informed certain large-scale property developers that the "three red-lines" policy has relaxed by excluding short-term loans obtained by property developers for the purpose of merger and acquisitions from the calculation of pro forma ratios. As advised by CIA, such possible relaxation in the policy, if becomes official, would be beneficial to the upstream companies within the real estate industry, including property development companies and property construction companies, in the PRC as a whole, in particular property developers which have good financial performance, in long and short term. In short term, these property developers would be able to expand their business by acquiring projects from property developers that has financial difficulties. For long run, as these property developers have healthy financial performance, they shall be able to comply the requirements under such policy relaxation while sustain their market share or expand by merger and acquisition in long run. On the other hand, as (i) property management services company typically derive a considerable portion of revenue from their existing property projects under management which have been contracted to be managed by them; and (ii) property management companies also procure new property management projects from various sources, such as property owners and property owners' associations, instead of relying solely on new property projects procured from property developers, the "three red-lines" policy and the possible relaxation on the "three red-lines" policy are not expected to create a significantly adverse impact on property management companies in general.

The "three red-lines" policy and the possible relaxation on the "three red-lines" policy are not expected to have material impact on our Group's business operation and financial performance as such policy primarily applies to property developers instead of property management service providers, such as our Group. Based on the aforementioned CIA's view, our Directors are of the view that the possible policy relaxation, if becomes official, would enable us to diversify our property portfolio as our Independent Third Parties property developers customers may acquire projects from property developers that has financial difficulties and engage us with their increase number of property projects, in return have a positive impact on our operation and financial performance. With respect to our customers which are property developers, to the best of our Directors' knowledge and belief after making all reasonable enquiries, Dima and Independent Third Parties which are property developers that we sourced property projects are property developers with no financial difficulties. Based on aforementioned CIA's view, our Directors are of the view that the policy relaxation, if becomes official, would have a positive impact on the operation and financial performance of Dima as well as from in short and long run. As our other Independent Third Parties customer which we sourced property projects from include property owners associations, logistics companies, PRC government authorities, local and international schools, hospitals, consulate generals from different foreign countries, and branch offices in the PRC of Fortune Global 500 foreign-owned enterprises, we believe they would not affected by the "three red-lines policy". Regarding Dima Group, to the best knowledge of our Directors and based on the publicly available financial information of Dima Group as at 30 September 2021, Dima Group is among the "yellow tier" where one of the three financial ratios (i.e. the cash to short-term debt ratio) exceeds the red line standards pursuant to the relevant regulations (i.e. lower than 1.0 time). Pursuant to the relevant regulations, companies whose financial ratios exceed one red line are only allowed to expand their interest-bearing debt at a maximum annual rate of 10% ("**Interest-bearing Debt Expansion Restriction**"). To the best knowledge of our Directors, the exceeding of the red line requirement regarding cash to short-term debt ratio was primarily due to the fact that certain debt which were long-term debt as at 31 December 2020 were reclassified as short-term debt as at 30 September 2021 according to their relevant actual due date. For further details, please refer to the section headed "Business – Recent changes in the regulatory environment of the PRC real estate market – The proposed three red-lines policy" in this prospectus. To the best knowledge of our Directors, Dima Group is pro-actively optimising its debt structure and has increasingly utilised development loan financing obtained from commercial banks and gradually reduced the use of various short-term financing and/or bridging loan. Dima Group will also continue to increase its proportion of long-term debt through the issuance of bonds and inter-bank debt financing tools. As confirmed with Dima, when Dima implements the aforementioned measures, Dima would also decrease its short-term debts by means including gradually reduce new short-term financing, repayment of certain short-term loans etc., so as to achieve a lower proportion of its short-term debts in its total debt balance. In other words, Dima would alternate the composition of total debt in order to maintain the total debt balance of Dima Group generally constant at a level that complies with the other two financial ratios (liability-to-asset ratio and net gearing ratio). As such, to the best knowledge of our Directors, the exceeding of the red line requirement regarding cash to short-term debt ratio would only be temporary and Dima Group is expected to improve its financial conditions and optimise its financial ratio such that Dima Group would be considered to be among the "green tier" in the near future. Based on the reasons set out in the section headed "Business – Recent changes in the regulatory environment of the PRC real estate market – The proposed three red-lines policy" in this prospectus, the remaining two financial ratios, i.e. liability-to-asset ratio and net gearing ratio, would not be affected. As such, the Interest-bearing Debt Expansion Restriction is not expected to have material and long-term impact on the business operation and financial performance of Dima Group, including the gearing ratio of Dima Group, and our Group. Please refer to section headed "Financial information – Recent development" in this prospectus. To the best knowledge of our Directors, and after making reasonable enquiries, Dima Group has been closely monitoring its financial ratios and using its best endeavour to strive a balance between growing land bank with financing to meet its business needs and maintaining the financial ratios at a level that complies with the requirements set out "three red lines" policy.

The Individual Housing Loan Notice

On 28 December 2020, PBOC and CBIRC jointly issued the Individual Housing Loan Notice to strengthen financial institutions' stability against fluctuations in the real estate market and optimise credit structure. Based on certain factors, including the asset size and institution type of banking entities, the PBOC and the CBIRC formulated differentiated individual housing loan concentration management requirements, which set a cap on the proportion of the individual housing loan that a bank could lend as a percentage of the bank's total lending, which would inadvertently mean that it would take a longer time for banks to grant each individual housing loan. For further details of the Individual Housing Loan Notice, please refer to the section headed "Regulatory overview – Recent changes in the PRC real estate regulatory policies – The Individual Housing Loan Notice" in this prospectus.

According to CIA, the Individual Housing Loan Notice will mainly affect the real estate industry, where the sale of properties by property developers may be adversely affected. In relation to this, the Individual Housing Loan Notice is most likely to affect the transaction volume of real estate industry only in the short term. However, since the aim of the Individual Housing Loan Notice is to control real estate credit flow in order to promote simultaneous development in economy and real estate industry in the PRC, the relevant authorities indicated that adjustments would be made in order to support reasonable demand in individual housing. As a result, CIA is of the view that the Individual Housing Loan Notice would not affect the development plans of property developers in the long term.

According to CIA, the Individual Housing Loan Notice will not have a material adverse impact on property management industry as (i) property management services company typically derive a considerable portion of revenue from their existing property projects under management which have been contracted to be managed by them; and (ii) property management companies typically procure new property management projects from various sources, such as property owners and property owners' associations, instead of relying solely on new property projects procured from property developers.

The Individual Housing Loan Notice does not raise the interest rates of individual housing loans, but merely limits the concentration of individual housing loans for various commercial banks, which, according to our PRC Legal Advisers, is a normal control measure adopted by the PRC government to curb the overheated real estate market and foster the sustainable and healthy development of the real estate market. Based on (i) the view of CIA as stated above, and (ii) for contracted but undelivered properties, even if delivery is halted due to the Individual Housing Loan Notice, the property developers are still bound by the preliminary property management service agreements to pay us property management service fees. Based on the information currently available to us and to the best of our Directors' knowledge after due and careful inquiry, as at the Latest Practicable Date, completion and delivery schedule of the properties developed by Dima Group was not, and the property development plan of Dima Group in the long run are not expected to be, materially and adversely affected by the relevant regulations on provision of personal housing loans to purchasers of new and second-hand properties. Based on the foregoing, in particular CIA's view as discussed above, to the best of our Director's belief, it is likely that the Individual Housing Loan Notice would affect the transaction volume of properties developed by Dima Group only in the short term, and would not affect the development plan or construction activities of Dima Group in the long term, and in turn, the property projects from Dima Group for our management, and as such, our Directors and our PRC Legal Advisers are of the view that the Individual Housing Loan Notice has no direct or indirect material adverse impact on Dima Group or us. Nothing has come to the attention of the Sole Sponsor for it to cast doubt on the views of our Directors and our PRC Legal Advisers as expressed above.

The PRC real estate tax reform

On 23 October 2021, the 31st Session of the Standing Committee of the 13th NPC adopted the Decision of the Standing Committee of the NPC on Authorising the State Council to Carry out a Pilot Program of Real Estate Tax Reform in Certain Areas (the "**Decision**"), authorising the State Council to carry out a pilot program of real estate tax reform in certain areas. The Decision clarifies that the real estate tax shall be levied on various types of real estate for residential and non-residential use in urban areas, and that the holders of land use rights and owners of such real estate shall pay for the real estate tax. The Decision authorises the State Council to formulate specific measures for the real estate tax pilot program, determine the list of cities for the pilot program and file the record with the Standing Committee of the NPC. An official of the Ministry of Finance, a component department of the State Council, indicated in an interview on the pilot program of real estate tax reform that the pilot program of real estate tax reform is being carried out in accordance with the authorization of the

Standing Committee of the NPC, and relevant investigation and preliminary study have been carried out in some cities, however, in comprehensive consideration of all aspects of the situation, the conditions for enlarging the scope of the pilot cities of the real estate tax reform in 2022 are not implemented. For further details of the PRC real estate tax reform, please refer to the section headed "Regulatory overview – Recent changes in the PRC real estate regulatory policies – The PRC real estate tax reform" in this prospectus.

As at the Latest Practicable Date, it was unclear when the detailed measures for the real estate tax pilot program and the list of the real estate tax pilot cities would be formally introduced. Although both Shanghai and Chongqing have imposed real estate tax for ten years, it is unclear whether that the measures for the real estate tax pilot program will be based on the current real estate tax regulations in Shanghai or Chongqing. According to information from public media, priority will be given to first or second tier cities located in active real estate markets when selecting pilot cities under the new real estate tax reform. We expect that, among the regions where Dima Group and/or we have business presence, Shanghai, Guangzhou, Chongqing, Hangzhou, Ningbo and Nanjing may fall into the ambit of the regions where the pilot program would be launched.

According to the quarter report published by Dima Group, as of 30 September 2021, Dima Group had approximately 3.2 million sq.m. of land bank and total planned construction area of approximately 20.9 million sq.m.. Dima Group has 26 property projects under development in the six cities or regions mentioned above ("**Relevant Areas**"), accounting for approximately 22.2% of its total land bank and approximately 22.6% of its total number of property projects, respectively, as of the same date. As of 31 December 2021, we managed 123 property projects in the Relevant Areas with a GFA under management of approximately 10.4 million sq.m., accounting for approximately 37.0% of our total GFA under management. During the year ended 31 December 2021, the revenue that we derived from property management services provided to these 123 property projects amounted to approximately RMB274.9 million, accounting for approximately 43.7% of our total revenue from property management services. For further details, please refer to the section headed "Business – Recent changes in the regulatory environment of the PRC real estate market – The proposed three red-lines policy" in this prospectus.

According to CIA, the levy of real estate tax is expected to have an impact on the real estate market in the pilot areas, the extent of which depends on the extent of each area's reliance on real estate development and the current status and development of the real estate market. In general, the levy of real estate tax is expected to reduce the reliance on real estate development of the pilot areas, affect real estate transactions in the pilot areas in the short term, and alleviate the sharp rise in housing prices in the pilot areas. In terms of land supply, according to the CIA, the levy of real estate tax will, to a certain extent, replace land use rights concession fee, which will benefit local government finance, as it can reduce local government's reliance on land use rights concessions and promote a reasonable supply and demand for land. In the primary housing market, the increased cost of holding real estate is expected to reshape homebuyers' preferences, thus prompting real estate developers to adjust property supply according to actual market demand. In the secondary housing market, the levy of real estate tax is expected to increase the supply of secondary housing, promote the liquidity of the real estate market, and alleviate the mismatch of market supply and demand to a certain extent. In sum, promoting real estate legislative reform may affect the availability of new property management projects to a certain extent, but these policies are not expected to change the supply and demand pattern of real estate in the long run and are conducive to the development of a healthy and stable real estate market as well as a healthy, orderly and quality property management market.

Based on the observation of our Company and the view of CIA, our PRC Legal Advisers concur that real estate tax generally affects the volume of real estate transactions only in the short run. In the long run, the real estate market is primarily affected by factors such as population, the supply and demand of land and financial policies instead of real estate tax. As such, from a property management service provider's perspective, the future implementation and enactment of real estate tax might have a temporary impact on the sale of properties developed by property developers, but would not have a material adverse impact on property management companies as the latter typically derive a considerable portion of revenue from their existing property projects under management which have been contracted to be managed by them.

Based on the above, our Directors and our PRC Legal Advisers are of the view that the PRC Real Estate Tax Reform (i) will affect the business and financial performance of Dima in the short run but will not have material adverse effect on the business and financial performance of Dima in the long run; and (ii) will not impose material adverse effect on the business and financial performance of the Group in both the short run and long run.

Despite approximately 43.7% of our Group's total revenue from provision of property management services to 123 property projects that are located in the Relevant Areas during the 31 December 2021, with regards to both contracted and delivered property projects and contracted and undelivered property projects, since we generally enter into preliminary property management service agreements with property developers at the pre-delivery stage of property projects, even if the properties in those property projects cannot be sold, property developer is responsible for paying the property management fees for the units that remain unsold. Based on the property management agreements that we had entered into, our Directors are of the view that it is most likely that our contracted GFA, GFA under management or revenue in the Relevant Areas would remain stable in the near future. In addition, as we have diversified our property portfolio to cover more non-residential properties during the Track Record Period, the proportion of revenue derived from provision of property management services to non-residential properties in the Relevant Areas increased from approximately 33.9% in 2019 to approximately 39.5% in 2021. With continuous expansion in our property portfolio, even if there is a short-term adverse impact on the availability of newly constructed property projects for our management in the Relevant Areas in the future, we believe that it may only affect the number of new preliminary property management service agreements to be entered into in the Relevant Areas to a certain extent only, but not affecting the provision of our services to any of our contracted property projects. Therefore, as long as (i) the total number of our contracted but undelivered projects and the total contracted but undelivered GFA in the Relevant Areas remains stable; and (ii) the continuous success with our strategy of expanding our property portfolio, our Directors, after consulting with our PRC Legal Advisers, are of the view that the real estate tax will have no material adverse impact on Dima Group's or our business operations or financial performance both in the short term and the long term. Taking into account the above, and after discussions with our Company, CIA, our PRC Legal Advisers and the PRC legal adviser to the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question our Directors' view above. For more details, please refer to the sections headed "Business – Recent changes in the regulatory environment of the PRC real estate market" and "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.

Furthermore, our Directors, our PRC Legal Advisers, CIA and the Sole Sponsor are of the view that the Decision will not affect the provision of property management services to residential property projects in the long run, even if there is a short term impact on the availability of newly constructed residential property projects in the Relevant Areas, because the demand and supply of the real estate market in the long run is primarily affected by factors such as (i) macro economy; (ii) currency and credit policies; (iii) real estate policies; (iv) land supply; and (v) urbanisation process, instead of real estate tax policies.

In view of the above and after consulting with the PRC legal advisers of the Sole Sponsor, as at the Latest Practicable Date, nothing has come to the attention of the Sole Sponsor that the recent changes in regulatory environment of the PRC real estate market would cause it to disagree with the Directors' view that there is no imminent material adverse impact on the Group's business operations or financial performance.

Recent development of our business operations

Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group has entered into (i) nine new property management service agreement with Independent Third Parties with a total contracted GFA of approximately 0.1 million sq.m., all of such property projects have been delivered, and (ii) one new property management service agreement with Dima Group and Affiliated Companies. Such property project has been delivered. Our revenue increased for the two months ended 28 February 2022 as compared to that of the same period last year. This increase in revenue was primarily due to the growth of GFA under our management attributable to the increase in number of property projects of our property management business line.

COVID-19 pandemic

The outbreak of COVID-19 has continued to affect worldwide subsequent to 31 December 2021. However, according to CIA, the impacts of outbreak of COVID-19 on the property management industry in the PRC is expected to be limited in the long run, because the solid economic scale in the PRC is capable of withholding the impact of COVID-19. The outbreak of COVID-19 has improved the level of trust and stickiness by many property owners and residents on the services provided by property management companies, and promoted the development of value-added services offered by property management companies such as delivery services, house cleaning and disinfecting services, among others, according to CIA.

In the short term, we reduced our property management fees payable by certain customers by an aggregate amount of approximately RMB94,000 for the year ended 31 December 2021. However, we have benefited from a number of the supportive policies issued by the relevant local governments in relation to the COVID-19 outbreak, including a reduction in our required contribution to the social insurance fund of an aggregate of approximately RMB14.0 million and the receipt of cash subsidies of an aggregate amount of approximately RMB764,000 by our Group during the two years ended 31 December 2020 and 2021. In addition, despite the temporary lockdown measures implemented by PRC government due to the initial outbreak of COVID-19 in the first half of 2020 had adversely affected revenue derived from certain community value-added services and various value-added services to non-property owners (for further details, please refer to the section headed "Financial information – Major items in the consolidated statements of comprehensive income" in this prospectus), the overall financial performance, such as revenue and gross profit margin, of each of our segments (i.e. property management services, community value-added services and value-added services to non-property owners) improved between 2019 and 2020. Between 2020 and 2021, the revenue increased for each of the business segments. The gross profit margin for property management services remained stable, while the gross profit margin for each of community value-added services and value-added services for non-property owners decreased for reasons that were not related to COVID-19. For further details, please refer to the section headed "Financial information – Major items in the consolidated statements of comprehensive income – Gross profit and gross profit margin" in this prospectus. Thus, in the long run, we do not expect the outbreak of COVID-19, including the recent emergence of Omicron virus variant which is significantly more infectious than its predecessors, to have a significant adverse impact on our business operation or financial position. Despite the outbreak of the COVID-19, including the recent emergence of Omicron virus variant, 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, community value-added services and value-added services to non-property owners.

As at the Latest Practicable Date, we had not encountered any material disruption to the services by our third-party subcontractors and utilities services providers and the supply of materials from our suppliers. In addition, we did not experience any material disruption to our business operations as a result of the outbreak of COVID-19, including the recent emergence of Omicron virus variant, as at the Latest Practicable Date.

No material adverse change

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since 31 December 2021, the end of the period reported on in the Accountant's Report set out in Appendix I to this prospectus, and there are no events which would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountant's Report included in Appendix I.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in the section headed "Glossary of technical terms" in this prospectus.

"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Affiliated Companies"	companies that engaged us to provide services and are (i) formed by Dima Group (including our Group) and independent third party(ies) in which Dima Group does not hold any controlling interests and are not consolidated entities of Dima Group; and (ii) held directly by Mr. Lo And His Associates (other than our Group and Dima Group)
"Articles" or "Articles of Association"	the articles of association of the Company (as amended from time to time), and shall become effective on Listing Date, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board"	the board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday or a day which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted) on which licensed banks in Hong Kong are generally open for normal banking business throughout their normal business hours
"CBIRC"	the China Banking and Insurance Regulatory Commission
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant(s)"	person(s) admitted to participate in CCASS as a direct clearing participant(s) or general clearing participant(s)

"CCASS Custodian Participant(s)"	person(s) admitted to participate in CCASS as a custodian participant(s)
"CCASS EIPO"	the application for the 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 through causing HKSCC Nominees to apply on your behalf, including by (i) instructing 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, or (ii) if you are an existing CCASS Investor Participant, giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (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 CCASS Investor Participants through HKSCC's Customer Service Centre by completing an input request
"CCASS Investor Participant(s)"	person(s) admitted to participate in CCASS as an investor participant(s) who may be an individual or joint individuals or a corporation(s)
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant(s)"	a CCASS Clearing Participant(s), a CCASS Custodian Participant(s) or a CCASS Investor Participant(s)
"Chengdu Dongyuan"	Chengdu Longxing Dongyuan Property Service Co., Ltd.* (成都龍興東原物業服務有限公司), a limited liability company established in the PRC on 22 March 2022, which is held as to 51% by Chongqing Dongyuan, a wholly owned subsidiary of our Company, and 49% by Pengzhou Industry Investment Development Co., Ltd.* (彭州市醫藥健康產業投資有限公司), an Independent Third Party (other than its equity interest in such company) as at the Latest Practicable Date. Chengdu Dongyuan is our joint venture as at the Latest Practicable Date

"Chengdu Jiulian"	Chengdu Jiulian Dongyuan City Management Service Company Limited* (成都九聯東原城市管理服務有限公司), a limited liability company established in the PRC on 20 October 2021, which was held as to 51% by Chongqing Dongyuan, a wholly owned subsidiary of our Company, and 49% by Chengdu Haike Asset Management Co., Ltd.* (成都海科資產管理有限公司), an Independent Third Party (other than its equity interest in such company) as at the Latest Practicable Date. Chengdu Jiulian was our joint venture as at the Latest Practicable Date
"Chengdu Yuanheng"	Chengdu Yuanheng Enterprise Operation Management Company Limited* (成都原亨企業經營管理有限公司), a limited liability company established in the PRC on 28 October 2021, an indirect wholly-owned subsidiary of our Company
"Chengdu Zhonghang Shijia"	Chengdu Zhonghang Shijia Property Agency Company Limited* (成都中行世嘉房產經紀有限公司) (previously known as Chengdu Xingyuanzhu Property Agency Company Limited* (成都興原築房地產經紀有限公司)), a limited liability company established in the PRC on 9 May 2019, an indirect wholly-owned subsidiary of our Company
"China Index Academy" or "CIA"	China Index Academy, our industry consultant and an Independent Third Party
"Chongqing Chengfang"	Chongqing Chengfang Home Decoration Engineering Company Limited* (重慶澄方家居裝飾工程有限公司), a limited liability company established in the PRC on 12 April 2019 and a direct wholly-owned subsidiary of our Company
"Chongqing Dongguihe"	Chongqing Dongguihe Property Management Company Limited* (重慶東桂合物業管理有限公司), a limited liability company established in the PRC on 20 October 2017 and an indirect wholly-owned subsidiary of our Company

"Chongqing Dongwei"	Chongqing Dongwei Construction Engineering Consultancy Company Limited* (重慶東緯建築工程諮詢有限公司), a limited liability company established in the PRC on 1 July 2019 and a direct wholly-owned subsidiary of our Company
"Chongqing Dongyuan"	Chongqing Xin Dongyuan Property Management Company Limited* (重慶新東原物業管理有限公司) (previously known as Chongqing Dongyuan Jiahemei Property Management Company Limited* (重慶東原嘉合美物業管理有限公司)), a limited liability company established in the PRC on 24 September 2003 and a direct wholly-owned subsidiary of our Company
"Chongqing Doyen"	Chongqing Doyen Holdings Group Co., Ltd.* (重慶東銀控股集團有限公司) (previously known as Chongqing Doyen Industry (Group) Company Limited* (重慶東銀實業(集團)有限公司)), a limited company incorporated in the PRC, which owned (i) approximately 34.76% of the shares in Dima; and (ii) approximately 98.96% of equity interest in Chongqing Shuorun, as at the Latest Practicable Date and a connected person of our Group for the purpose of the Listing Rules. Chongqing Doyen is principally engaged in (i) investment businesses; (ii) construction-related businesses; (iii) business management consulting services; (iv) sale of wide variety of products including but not limited to vehicle parts, electrical products and construction materials; (v) warehousing services; and (vi) coal mining business
"Chongqing Haoge"	Chongqing Haoge Mechanical Engineering Company Limited* (重慶皓鉻機電工程有限公司), a limited liability company established in the PRC on 6 July 2018, an indirect wholly-owned subsidiary of our Company
"Chongqing Mengqian"	Chongqing Mengqian Cultural Development Company Limited* (重慶萌前文化發展有限公司), a limited liability company established in the PRC on 11 August 2021, an indirect wholly-owned subsidiary of our Company

"Chongqing Property Management"	Chongqing Dongyuan Property Management Services Company Limited* (重慶東原城市管理服務有限公司), a limited liability company established in the PRC on 11 November 2020, an indirect non-wholly owned subsidiary of our Company and is held as to 51% by our Company and 49% by Chongqing Oudian Property Service Co., Ltd.* (重慶歐典物業服務有限公司), an Independent Third Party (other than its equity interest in such company), as at the Latest Practicable Date
"Chongqing Qicheng"	Chongqing Qicheng Information Technology Company Limited* (重慶啟騁信息科技有限公司), a limited liability company established in the PRC on 11 March 2020, a direct wholly-owned subsidiary of our Company
"Chongqing Shengdu"	Chongqing Shengdu Property Management Company Limited* (重慶盛都物業管理有限公司), a limited liability company established in the PRC on 1 November 2006, an indirect wholly-owned subsidiary of our Company
"Chongqing Shuorun"	Chongqing Shuorun Petrochemical Company Limited* (重慶碩潤石化有限責任公司) (previously known as Chongqing Shuorun Trading Company Limited* (重慶碩潤貿易有限責任公司)), a limited company incorporated in the PRC, which is held as to approximately 98.96% by Chongqing Doyen and approximately 1.04% by Ms. Zhao as at the Latest Practicable Date and a connected person of our Group for the purpose of the Listing Rules. As at the Latest Practicable Date, it owned approximately 2.94% of the shares in Dima
"Chongqing Xuyuan"	Chongqing Xuyuan Tiancheng Property Management Company Limited* (重慶旭原天澄物業管理有限公司), a limited liability company established in the PRC on 31 March 2016, which is held as to 49% by our Company and 51% by Shanghai Yongsheng Property Management Company Limited* (上海永升物業管理有限公司), an Independent Third Party, as at the Latest Practicable Date. Chongqing Xuyuan is our joint venture as at the Latest Practicable Date

"Chongqing Yian"	Chongqing Yian Zhiyuan Real Estate Agency Company Limited* (重慶毅安致元房地產經紀有限公司), a limited liability company established in the PRC on 19 May 2017. During the Track Record Period and up to the disposal by our Group on 22 December 2020, it was held as to approximately (i) 19.42% by Chongqing Dongyuan, a wholly owned subsidiary of our Company; (ii) 34.56% by Chongqing Tongyuan Property Development Company Limited* (重慶同原房地產開發有限公司), a wholly owned subsidiary of Dima; (iii) 25.24% by Nanfang Dongying Property Limited* (南方東銀置地有限公司), a non-wholly owned subsidiary of Dima; (iv) 19.42% by Chongqing Guozhan Property Development Company Limited* (重慶國展房地產開發有限公司), a wholly owned subsidiary of Dima; and (v) 1.36% by Nanfang Dongyin Chongqing Pinzhu Property Development Company Limited* (南方東銀重慶品築物業發展有限公司), a wholly owned subsidiary of Dima. Since the disposal by our Group on 22 December 2020, Chongqing Yian ceased to be our associate company. As at the Latest Practicable Date, Chongqing Yian is a connected person of our Group for the purpose of the Listing Rule
"Chongqing Zhonghang Shijia"	Chongqing Zhonghang Shijia Property Agency Company Limited* (重慶中行世嘉房地產經紀有限公司), a limited liability company established in the PRC on 12 March 2019, a direct wholly-owned subsidiary of our Company
"CIA Report"	the commissioned report on the market overview and competitive analysis for China's property management market compiled by CIA, the content of which is referred in the section headed "Industry overview" in this prospectus
"close associates"	has the meaning ascribed thereto under the Listing Rules
"Co-lead Manager"	Merdeka Securities Limited
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented 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 or supplemented from time to time
"Companies Registry"	the Companies Registry of Hong Kong
"Company" or "our Company"	DOWELL SERVICE GROUP CO. LIMITED (東原仁知城市運營服務集團股份有限公司), previously known as Chongqing Dongyuan Chengfang Industrial Co., Ltd.* (重慶東原澄方實業有限公司), a limited liability company established in the PRC on 13 January 2015 and converted into a joint stock company with limited liability on 17 December 2020
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules and, unless the context requires otherwise, collectively refers to Dima, Dima Ruisheng and Tianjin Chengfang
"Continuous Improvement Notice"	Notice on Continued Regulation and Standardisation of the Real Estate Market Order* (《關於持續整治規範房地產市場秩序的通知》), published by, among others, the MOHURD in July 2021
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"COVID-19"	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
"Creditors"	creditors of the loans of Chongqing Doyen and certain of its subsidiaries, details of which are set out in the section headed "Relationship with Controlling Shareholders – Doyen Debt Restructuring" in this prospectus
"Creditors' Committee"	a committee formed by the Creditors, details of which are set out in the section headed "Relationship with Controlling Shareholders – Doyen Debt Restructuring" in this prospectus

"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Cybersecurity Review Measures (2021)"	Measures for Cybersecurity Review (《網絡安全審查辦法》), which was issued on 28 December 2021, and was implemented on 15 February 2022
"Deed of Indemnity"	the deed of indemnity dated 8 April 2022 and entered into with our Controlling Shareholders in favour of our Company with particulars set out under the section headed "Statutory and general information – Other information – 14. Estate duty, tax and other indemnities" in Appendix VI to this prospectus
"Dima"	Dima Holdings Co., Ltd.* (重慶市迪馬實業股份有限公司), a limited liability company established in the PRC on 9 October 1997 and its shares are listed on the Shanghai Stock Exchange (stock code: 600565.SH), one of our Controlling Shareholders and a connected person of our Company for the purpose of the Listing Rules
"Dima Articles"	the articles of association of Dima (as amended from time to time)
"Dima Group"	Dima and companies formed by Dima and/or its subsidiary(ies) with other Independent Third Party which Dima held a controlling interest
"Dima Preserved Shares"	1,074,450,283 shares of Dima, in aggregate, held by Mr. Lo And His Associates and are subject to judicial preservation in the PRC, details of which are set out in the section headed "Relationship with Controlling Shareholders – Doyen Debt Restructuring" in this prospectus
"Dima Ruisheng"	Chongqing Dima Ruisheng Co. Ltd.* (重慶迪馬睿升實業有限公司), a limited liability company established in the PRC on 2 April 2018, which is wholly-owned by Dima and one of our Controlling Shareholders and a connected person of our Company for the purpose of the Listing Rules

"Directors" or "our directors"	the directors of our Company
"Domestic Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and which are currently not listed or traded on any stock exchange
"Dongyuan Kaiyue"	Sichuan Dongyuan Kaiyue Property Services Company Limited* (四川東原凱越物業服務有限公司), a limited liability company established in the PRC on 23 February 2021, an indirect non-wholly owned subsidiary of our Company which is indirectly owned as to 51% by our Group and 49% by Sichuan Da'ai Public Facilities Management Co., Ltd.* (四川大愛公共設施管理有限公司), an Independent Third Party (other than its equity interest in such company) as at the Latest Practicable Date
"Dongyuan Real Estate"	Dongyuan Property Development Group Company Limited* (東原房地產開發集團有限公司) (previously known as Chongqing Dongyuan Property Development Group Company Limited* (重慶東原房地產開發集團有限公司)), a limited liability company established in the PRC on 15 September 1999, which is a non-wholly-owned subsidiary of Dima as at the Latest Practicable Date and a connected person of our Company for the purpose of the Listing Rules
"Doyen Debt Restructuring"	debt restructuring of Chongqing Doyen together with its subsidiaries, details of which are set out in the section headed "Relationship with Controlling Shareholders – Doyen Debt Restructuring" in this prospectus
"Draft Regulations on Network Data Security Management"	Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》)
"EIT"	enterprise income tax
"Entrusted Loan Arrangement"	an entrusted loan arrangement entered into between two of our subsidiaries, namely Chongqing Dongyuan and Sichuan Dongyuan, a commercial bank in the PRC and Dima in 2016

"Extreme Condition(s)"	extreme condition(s) including but not limited to serious disruption of public transport services, extensive flooding, major landslides and large-scale power outage caused by a super typhoon according to the revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Labour Department of the government of Hong Kong in June 2019, as announced by the government of Hong Kong
"FRC"	Financial Reporting Council
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider
"Group", "we", "our" or "us"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"GSN Shanghai"	GSN (Shanghai) Property Management Services Company Limited* (皆斯內(上海)物業管理服務有限公司), a foreign invested limited liability company established in the PRC on 27 May 1996 and an indirect wholly-owned subsidiary of our Company since 27 November 2020
"GSN Group"	GSN Shanghai and its subsidiary
"Guangxi Shengkang"	Guangxi Dongyuan Shengkang Logistics Management Service Company Limited* (廣西東原盛康後勤管理服務有限公司), formally known as Guilin Shengkang Health Management Company Limited* (桂林市盛康健康管理服務有限公司), a limited liability company established in the PRC on 13 May 2009, an indirect non-wholly-owned subsidiary of our Company since 24 December 2020, which is owned as to 51% by our Company and 49% by Mr. Li Qisheng, an Independent Third Party (other than his equity interest in Guangxi Shengkang) as at the Latest Practicable Date

"Guangxi Xiangwei"	Guangxi Xiangwei Hospital Management Company Limited* (廣西湘衛醫院管理有限公司), a limited liability company established in the PRC on 29 July 2017, an indirect non-wholly-owned subsidiary of our Company which is indirectly owned as to 51% by our Group and 49% by Mr. Li Qisheng, an Independent Third Party (other than his equity interest in such company) as at the Latest Practicable Date
"Guilin Xin Shengkang"	Guilin Xin Shengkang Health Industry Development Company Limited (桂林市新盛康健康產業發展有限公司), a limited liability company established on 18 November 2019 and has been deregistered as at the Latest Practicable Date. Immediately prior to its deregistration, it was held as to (i) 10% by Guangxi Shengkang, an indirect non-wholly-owned subsidiary of our Company; (ii) 85% by Mr. Li Qisheng; and (iii) 5% by Ms. Su Xing
"Guizhou Dongyuan"	Guizhou Dongyuan Yingchuang Property Services Company Limited* (貴州東原穎創物業服務有限公司) (previously known as Guizhou Dongyuan Chuanghuiying Property Services Company Limited* (貴州東原創滙銀物業服務有限公司)), a limited liability company established in the PRC on 16 July 2018, an indirect non-wholly-owned subsidiary of our Company which was owned as to 55% by our Group and 45% by Duyun City Yingchuang Real Estate Co., Ltd.* (都勻市穎創置業有限公司), an Independent Third Party (other than its equity interest in such company) as at the Latest Practicable Date
"Guizhou Dongyuan Zhongyi"	Guizhou Dongyuan Zhongyi Property Management Company Limited* (貴州東原中壹物業管理有限公司), a limited liability company established in the PRC on 6 August 2021, an indrect non-wholly-owned subsidiary of our Company which was owned as to 60% by our Group and 40% by Guizhou Zhongyi Property Management Co., Ltd.* (貴州中壹物業管理有限公司), an Independent Third Party (other than its equity interest in such company) as at the Latest Practicable Date
"H Share Registrar"	Computershare Hong Kong Investor Services Limited

"H Share(s)"	overseas listed foreign invested ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for the granting of listing, and permission to deal in, on the Stock Exchange
"Hangzhou Mengqian"	Hangzhou Mengqian Cultural Development Company Limited* (杭州萌前文化發展有限公司), a limited liability company established in the PRC on 25 August 2021, a direct wholly-owned subsidiary of our Company
"Harvest Property"	Harvest Property Management Investment Limited (嘉實物業管理投資有限公司), a limited liability company incorporated in Hong Kong on 15 October 2020, one of the Pre-IPO Investors and a connected person of our Company for the purpose of the Listing Rules
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"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 Offer Shares"	1,666,800 H Shares being initially offered by us for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer by us of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus, as further described in the section headed "Structure of the Global Offering"
"Hong Kong Underwriters"	the underwriters listed under the section headed "Underwriting – Hong Kong Underwriters" in this prospectus, being the underwriters of the Hong Kong Public Offering

"Hong Kong Underwriting Agreement"	the underwriting agreement dated 14 April 2022 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 under the section headed "Underwriting" in this prospectus
"Hubei Zhonghe"	Hubei Zhonghe Shiji Property Management Company Limited* (湖北中禾世紀物業管理有限公司), a limited liability company established in the PRC on 3 July 2017, an indirect wholly-owned subsidiary of our Company
"Individual Housing Loan Notice"	Notice on Establishment of a Concentration Management System for Real Estate Loans of Financial Institutions in the Banking Industry by Banking Financial Institutions jointly issued by PBOC and CBIRC
"Independent Third Party(ies)"	a person, persons, company or companies which is or are independent of, and not connected with (within the meaning under the Listing Rules), any directors, chief executive or substantial shareholders of our Company, any of its subsidiaries or any of their respective associate(s)
"International Offer Shares"	14,999,867 H Shares being initially offered by us for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"International Offering"	the offer of the International Offer Shares by the International Underwriters for and on behalf of the Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions under the International Underwriting Agreement, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters for the International Offering who are expected to enter into the International Underwriting Agreement

"International Underwriting Agreement"	the underwriting agreement relating to the International Offering to be entered into by, the Company, the Controlling Shareholders, and the International Underwriters on or about the Price Determination Date, as further described under the section headed "Underwriting" in this prospectus
"Joint Bookrunners"	Guotai Junan Securities (Hong Kong) Limited, ABCI Capital Limited, BOCOM International Securities Limited, CLSA Limited, ICBC International Capital Limited, CMBC Securities Company Limited, China Everbright Securities (HK) Limited, Fortune (HK) Securities Limited, Futu Securities International (Hong Kong) Limited, Guosen Securities (HK) Capital Company Limited, and Zheshang International Financial Holdings Co., Limited
"Joint Lead Managers"	Guotai Junan Securities (Hong Kong) Limited, ABCI Securities Company Limited, BOCOM International Securities Limited, CLSA Limited, ICBC International Securities Limited, CMBC Securities Company Limited, China Everbright Securities (HK) Limited, Fortune (HK) Securities Limited, Futu Securities International (Hong Kong) Limited, Guosen Securities (HK) Capital Company Limited, and Zheshang International Financial Holdings Co., Limited
"Kingdom Vast"	Kingdom Vast Limited (栢天有限公司), a limited liability company incorporated in Hong Kong on 20 December 2019, one of the Pre-IPO Investors and a connected person of our Company for the purpose of the Listing Rules
"Kunming Dongyuan"	Kunming Gaoxin Dongyuan Smart City Service Co., Ltd.* (昆明高新東原智慧城市服務有限公司), a limited liability company established in the PRC on 17 December 2021, which is held as to 48% by Chongqing Dongyuan, a wholly owned subsidiary of our Company, and 52% by Kunming High Tech Industrial Development Co., Ltd.* (昆明高新產業發展有限公司), an Independent Third Party (other than its equity interest in such company), as at the Latest Practicable Date. Kunming Dongyuan is our associate as at the Latest Practicable Date

"Kunming Yuanji"	Kunming Yuanji Community Services Company Limited* (昆明原集社區服務有限公司), a limited liability company established in the PRC on 18 December 2019 and an indirect wholly-owned subsidiary of our Company
"Latest Practicable Date"	10 April 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of our H Shares on the Main Board of the Stock Exchange
"Listing Date"	the date expected to be on or around Friday, 29 April 2022, on which our H Shares are first listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Luzhou Kuayue"	Luzhou Kuayue Property Management Company Limited* (瀘州市跨越物業管理有限公司), a limited liability company established in the PRC on 17 November 2017 and an indirect wholly-owned subsidiary of our Company
"Main Board"	the Main Board of the Stock Exchange
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Commission and other PRC government departments on 27 August 1994, as amended, supplemented or otherwise modified from time to time

"Mianyang Huirui"	Mianyang Huirui Yijia Real Estate Agency Company Limited* (綿陽匯瑞逸家房地產經紀有限公司), a limited liability company established in the PRC on 6 July 2020, a joint venture of our Company which was indirectly owned as to 50% by our Group and 50% by Independent Third Parties as at the Latest Practicable Date
"Mianyang New Dongyuan"	Mianyang New Dongyuan Property Management Company Limited* (綿陽新東原物業管理有限公司), a limited liability company established in the PRC on 2 July 2020 and an indirect wholly-owned subsidiary of our Company
"Mianyang Ruisheng"	Mianyang Ruisheng Property Services Company Limited* (綿陽市瑞升物業服務有限責任公司), previously known as Mianyang City Property Management Company Limited* (綿陽市瑞升物業管理有限責任公司), a limited liability company established in the PRC on 2 June 1998, which is held as to 50.0%, 48.4% and 1.6% by Chongqing Dongyuan, and two individuals respectively as at the Latest Practicable Date, both individual equity holders being Independent Third Party other than their equity holding in Mianyang Ruisheng. Mianyang Ruisheng is a joint venture of our Company
"Mianyang Yuanzhu"	Mianyang Yuanzhu Property Agency Company Limited* (綿陽原築房地產經紀有限公司), a limited liability company established in the PRC on 18 December 2017 and an indirect wholly-owned subsidiary of our Company
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部), or where the context so requires, its counterparts at the local levels
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部), or where the context so requires, its counterparts at the local levels
"MOHURD"	Ministry of Housing and Urban and Rural Development of the PRC (中華人民共和國住房與城鄉建設部)

"Mr. Lo"	Mr. Lo Siu Yu (羅韶宇), who owned approximately 77.78% of the equity interest in Chongqing Doyen as at the Latest Practicable Date and a connected person of our Company for the purpose of the Listing Rules
"Mr. Lo And His Associates"	collectively refers to Chongqing Doyen, Mr. Lo, Ms. Zhao and Chongqing Shuorun. As at the Latest Practicable date, the shares of Dima were owned as to (i) approximately 34.76% by Chongqing Doyen, which in turn is owned as to approximately 77.78% by Mr. Lo and approximately 22.22% by Ms. Zhao, the spouse of Mr. Lo; (ii) approximately 2.94% by Chongqing Shuorun, which in turn is owned as to 98.96% by Chongqing Doyen and 1.04% by Ms. Zhao; and (iii) approximately 4.46% by Ms. Zhao
"Ms. Zhao"	Ms. Zhao Jiehong, the spouse of Mr. Lo, who owned (i) approximately 22.22% of the equity interests in Chongqing Doyen; (ii) approximately 1.04% of the equity interests in Chongqing Shuorun; and (iii) approximately 4.46% of shares in Dima as at the Latest Practicable Date and a connected person of our Company for the purpose of the Listing Rules
"Nanchong Dongyuan"	Nanchong Dongyuan Jiaye Property Services Company Limited* (南充東原嘉業物業服務有限公司), a limited liability company established in the PRC on 4 August 2020, an indirect non-wholly-owned subsidiary of our Company which was owned as to 65% by our Group and 35% by an Independent Third Party (other than its equity interest in such company) as at the Latest Practicable Date
"Nanjing Mengqian"	Nanjing Mengqian Tuoyu Company Limited* (南京萌前托育有限公司), a limited liability company established in the PRC on 12 August 2021, an indirect wholly-owned subsidiary of our Company
"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)
"NPC"	the National People's Congress of the PRC (全國人民代表大會)

"Non-competition Undertaking"	a non-competition undertaking signed by our Controlling Shareholders, details of which are set out under the section headed "Relationship with our Controlling Shareholders – Non-competition" in this prospectus
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%) of not more than HK$15.40 and expected to be not less than HK$11.90, such price to be determined by agreement between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date
"Offer Price Range"	HK$11.90 to HK$15.40 per Offer Share
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares
"Our Space"	原•聚場, our living brand and registered trademark in the PRC
"Over-allotment Option"	the option expected to be granted by us to the International Underwriters under the International Underwriting Agreement, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to 2,500,000 additional H Shares (representing 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price, to cover over-allocations in the International Offering, if any, as further described under the section headed "Structure of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China
"Pingxiang Dongyuan"	Pingxiang Dongyuan Hongtuo Marketing Planning Company Limited* (萍鄉東原鴻途營銷策劃有限公司), a limited liability company established in the PRC on 12 March 2020, an indirect wholly-owned subsidiary of our Company

"Possible New Dima Shareholder(s)"	individual(s) whom Mr. Lo And His Associates shall or are required to transfer their entire shareholdings in Dima, i.e. the Dima Preserved Shares, to through judicial auction process, in the event the Creditors enforce their rights to the respective collaterals of the Loans
"PRC" or "China"	the People's Republic of China, excluding for the purposes of this prospectus only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》) as amended and supplemented from time to time
"PRC Legal Advisers"	AllBright Law Offices, the legal advisers to our Company as to PRC law
"PRC Listing Regulations"	Regulations on the Takeover of Listed Companies (《上市公司收購管理辦法》) promulgated by CSRC
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended and supplemented from time to time
"Pre-IPO Investor(s)"	Kingdom Vast and Harvest Property
"Pre-IPO Share Award Scheme"	the share award scheme adopted by our Company dated 26 December 2019, the details of which are set out in the section headed "13. Pre-IPO Share Award Scheme" in Appendix VI to this prospectus
"Price Determination Date"	the date expected to be on or around Friday, 22 April 2022, but no later than Wednesday, 27 April 2022, on which our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) determine the Offer Price for the purpose of the Global Offering
"Property Management Notice"	Notice on Strengthening and Improving the Administration of Residential Property (《住房和城鄉建設部等部門關於加強和改進住宅物業管理工作的通知》), published by, among others, MOHURD in December 2020

"Relevant Person"	the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Manager, the Underwriters, any of their or our Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering
"Restructuring Proposal"	the proposal regarding the restructuring of, among others, the assets, liabilities and business operations of the Doyen Group, details of which are set out in the section headed "Relationship with Controlling Shareholders – Doyen Debt Restructuring" in this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC* (中華人民共和國國家外匯管理局), a PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SAIC"	State Administration of Industry and Commerce of PRC* (中華人民共和國國家工商行政管理總局)
"SAT"	State Administration of Taxation of the PRC* (中華人民共和國國家稅務總局)
"SCNPC"	the Standing Committee of the National People's Congress (中華人民共和國全國人民代表大會常務委員會)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

"Shandong Dongyuan"	Shandong Dongyuan Smart City Service Co., Ltd.* (山東東原智慧城市服務有限公司), a limited liability company established in the PRC on 17 November 2021, which is held as to 51% by our Company, 34% by Weihai Qidun Security Service Co., Ltd.* (威海市齊盾保安服務有限公司) and 15% by Changjiang Collaborative Innovation Technology Research Institute (Suzhou) Co., Ltd.* (長江協同創新科技研究院(蘇州)有限公司), both of whom are Independent Third Parties (other than its equity interest in such company) as at the Latest Practicable Date. Shandong Dongyuan is our joint venture as at the Latest Practicable Date
"Shanghai Chengfang"	Shanghai Chengfang Property Services Company Limited* (上海澄方物業服務有限公司), a limited liability company established in the PRC on 13 May 2015, a direct wholly-owned subsidiary of our Company
"Shanghai Mengqian"	Shanghai Mengqian Education Technology Company Limited* (上海萌前教育科技有限公司), a limited liability company established in the PRC on 4 January 2021, an indirect wholly-owned subsidiary of our Company
"Shanghai Stock Exchange"	Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising H Shares, Domestic Shares and Unlisted Foreign Shares
"Shareholder(s)"	holder(s) of Shares
"Shengkang Group"	Guangxi Shengkang and its subsidiary
"Shenyang GSN"	Shenyang GSN Catering Management Company Limited* (瀋陽皆斯內餐飲管理有限公司), a foreign invested limited liability company established in the PRC on 1 September 2010 and an indirect wholly-owned subsidiary of our Company
"Sichuan Dongyuan"	Sichuan Xin Dongyuan Property Services Company Limited* (四川新東原物業服務有限公司), a limited liability company established in the PRC on 12 May 2010, an indirect wholly-owned subsidiary of our Company

"Sole Global Coordinator"	Guotai Junan Securities (Hong Kong) Limited
"Sole Sponsor"	Guotai Junan Capital Limited, a corporation registered under the SFO licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, appointed as the sole sponsor to Listing
"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on 4 August 1994, as amended, supplemented or otherwise modified from time to time
"Spin-off"	the spin-off of our Company from Dima by way of Listing to be effected by the Global Offering
"Spin-off Circular"	the Circular on Issues Relevant to Regulating Offshore Listing of Securities of Domestic Listed Companies (《關於規範境內上市公司所屬企業到境外上市有關問題的通知》) promulgated by the CSRC on 21 July 2004
"Stabilising Manager"	Guotai Junan Securities (Hong Kong) Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	supervisor(s) of our Company
"Supervisory Board"	the board of Supervisors
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended or supplemented from time to time
"Tianjin Chengfang"	Tianjin Chengfang Corporate Management Consultant Company Limited* (天津澄方企業管理諮詢有限公司), a limited liability company established in the PRC on 3 April 2020, which is an indirect wholly-owned subsidiary of Dima, one of our Controlling Shareholders and a connected person of our Company for the purpose of the Listing Rules

"Tianjin Partnership"	Tianjin Shengyihe Management Consulting Partnership Enterprise (Limited Partnership)* (天津盛益合企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on 24 December 2019 which held 9.98% of the total issued share capital our Company as at the Latest Practicable Date and 7.48% of the total issued share capital our Company immediately upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised). Tianjin Partnership is a connected person of our Company for the purpose of the Listing Rules
"Track Record Period"	the three years ended 31 December 2021
"Underwriters"	the Hong Kong Underwriters and the international Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"Unlisted Foreign Shares"	ordinary shares issued by our Company with a nominal value of RMB1.00 each and are held by persons other than PRC nationals or PRC incorporated entities and are not listed on any stock exchange
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website of the **White Form eIPO** Service Provider, **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Wuhan Zhonghang Shijia"	Wuhan Zhonghang Shijia Property Agency Company Limited* (武漢中行世嘉房產經紀有限公司) (previously known as Wuhan Fangcheng Property Agency Company Limited* (武漢方澄房地產經紀有限公司)), a company established in the PRC on 13 July 2017 and a direct wholly-owned subsidiary of our Company

"Xi'an Dongyuan"	Xi'an Dongyuan Auhui Property Services Company Limited (西安東原奧暉物業服務有限公司), a limited liability company established on 22 October 2020, which is held as to (i) 36% by Chongqing Dongyuan, a wholly-owned subsidiary of our Company; (ii) 32% by Mr. Niu Changyu; and (iii) 32% by Ms. Liu Qiong. Save as Chongqing Dongyuan, each of the equity holders of Xi'an Dongyuan is an Independent Third Party as at the Latest Practicable Date. Xi'an Dongyuan is our associate company as at the Latest Practicable Date
"Yibin New Dongyuan"	Yibin New Dongyuan Property Management Company Limited* (宜賓新東原物業管理有限公司), a limited liability company established in the PRC on 1 April 2021 and an indirect wholly-owned subsidiary of our Company
"Yuanji Culture"	Shanghai Yuanji Cultural Development Company Limited* (上海原集文化發展有限公司), a limited liability company established in the PRC on 26 September 2017 and a direct wholly-owned subsidiary of our Company
"Zhejiang Dongyuan"	Zhejiang Dongyuan Wanhe Property Services Company Limited* (浙江東原萬和物業服務有限公司), a limited liability company established in the PRC on 31 August 2018 and an indirect non-wholly-owned subsidiary of our Company which was owned as to 51% by our Group and 49% by Taizhou Wanhe Property Management Co., Ltd.* (台州市萬和物業管理服務有限公司) an Independent Third Party (other than its equity interest in such company) as at the Latest Practicable Date
"Zhejiang Dongzhen"	Zhejiang Dongzhen Property Management Company Limited* (浙江東臻物業管理有限公司), a limited liability company established in the PRC on 29 June 2020, which is held as to (i) 36% by Chongqing Dongyuan, a wholly-owned subsidiary of our Company; (ii) 25% by Mr. Chen Zhongxi; (iii) 25% by Mr. Zhou Daijun; (iv) 10% by Mr. Lu Zhen; and (v) 4% by Mr. Sheng Decai. Save as Chongqing Dongyuan, each of the equity holders of Zhejiang Dongzhen is an Independent Third Party as at the Latest Practicable Date. Zhejiang Dongzhen is our associate company as at the Latest Practicable Date

"Zhengzhou Donghe"	Zhengzhou Donghe Property Management Company Limited* (鄭州東合物業管理有限公司), a limited liability company established in the PRC on 7 September 2018 and an indirect non-wholly-owned subsidiary of our Company which was owned as to 70% by our Group and 30% by Zhengzhou Hehuan Property Management Co., Ltd.* (鄭州合歡物業管理有限公司), an Independent Third Party (other than its equity interest in such company) as at the Latest Practicable Date
"%"	per cent

In this prospectus, unless the context otherwise requires, the terms "associate", "close associate", "connected person", "connected transaction", "controlling shareholder", "core connected person", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

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

"average property management fee(s) rate"	weighted average property management fee rate calculated on the basis of GFA under management of each property project which we are engaged to provide property management services
"CAGR"	compound annual growth rate
"commercial property(ies)"	for purposes of this prospectus, property(ies) designated for commercial use
"commission basis"	a revenue generating model for our property management business whereby our fee income from property management consists only of a specified percentage of the total property management fees payable by property owners or property developers is recognised, while the remainder will be used to cover the expenses incurred in our management of the relevant property projects and any excess or shortfall of the property management fees (after deducting the relevant expenses) belong to or are borne by the relevant customers
"common area"	common areas in property projects jointly owned by the property owners, mainly including parking lots, swimming pools and advertisement bulletin boards
"contracted GFA"	GFA managed/to be managed by us under property management service agreements
"data middle platform"	a platform which generates business management reports and operation data analysis across multiple business operation systems by processing and loading data which are collected and collated from such business operation systems and stored in a data pool
"diversified operations"	operations of a property management company other than the conventional property management services, such as value-added services

"first-tier cities"	as at the Latest Practicable Date, included Beijing, Shanghai, Guangzhou and Shenzhen in the PRC, according to the National Bureau of Statistics of the PRC
"FVPL"	fair value through profit or loss
"GDP"	gross domestic product
"GFA"	gross floor area
"GFA under management"	GFA of property project for which we have started to provide property management services and are entitled to collect the relevant property management fees as at the relevant date
"Internet of Things" or "IoT"	a network of physical objects or items embedded with electronics, software, sensors and network connectivity, which enables these objects to collect and exchange data
"lump sum basis"	a revenue generating model for our property management business whereby we charge a pre-determined property management fees per GFA for all units which represents the "all-inclusive" fees for all of the property management services provided by our staff and third-party subcontractors with respect to the managed property projects and we bear the costs and expenses in managing the relevant property projects
"non-property owner(s)"	individual(s) and/or entity(ies) who is/are not owner(s) of property projects we managed, including but not limited to property developers (after delivery of properties)
"overall strength"	China Index Academy ranks the overall strength of property management companies by evaluating the following aspects: • property management scale, taking into account total assets, number of property projects under management, GFA under management and number of cities where the company operates;

- operational performance, taking into account the total revenue, gross profit, net profit, revenue per employee and operating costs as a percentage to total revenue;
- service quality, taking into account customer satisfaction rate, property management fees collection rate, property management service agreement renewal rate and number of star-level communities;
- growth potential, taking into account revenue growth, growth of GFA under management, contracted GFA of reserved property projects and number and composition of employees; and
- social responsibility, taking into account amount of tax paid, number of job opportunities created, total GFA under management of affordable housing and amount of enterprise donation

"property management service agreement renewal rate"	renewal rate calculated based on the number of renewed property management service agreement(s) in a given year divided by the number of expiring property management service agreement(s) in the same year
"property owner(s)"	individual(s) and/or entity(ies) who is/are the owner(s) of the property projects we managed
"residential communities" or "residential properties"	properties which are purely residential or mixed-used properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties
"retention rate"	the aggregate number of property projects under our management as at the beginning of the year minus the number of property projects we ceased to manage during the same year, then divided by the aggregate number of property projects under our management as at the beginning of the year

"second-tier cities"	as at the Latest Practicable Date, included provincial capitals, administrative capitals of autonomous regions and other vice-provincial cities, according to the National Bureau of Statistics of the PRC
"sq.m."	the measurement unit of square metres
"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall competitiveness published by CIA based on a number of key indicators, including property management scale, operational performance, service quality, growth potential and social responsibility which comprised 200, 200, 220, 244 and 264 such companies, respectively, for 2017, 2018, 2019, 2020 and 2021, where the number of companies for each of 2017, 2018, 2019 and 2020 and 2021 exceeded 100 as multiple companies with very close scores were assigned the same ranking
"vehicles with various types of use"	vehicles with various types of use manufactured based on the customers' needs, which include bulletproof vehicles, integrated special vehicles, airport special vehicles, emergency medical vehicles and armor cash carrier
"WeChat mini programme"	a light feature within the WeChat Interface which connects service providers and WeChat users
"Yangtze River Delta"	in terms of this prospectus, includes Shanghai Municipality, Jiangsu province, Zhejiang province and Anhui province of the PRC

This prospectus contains forward-looking statements that state our Group's intention, belief, expectation or prediction for the future that are, by their nature, subject to significant risks and uncertainties.

These forward-looking statements include, without limitation, statements relating to:

- any changes in the laws, rules, regulations and government policies in the PRC relating to any aspect of our business or operations or our business plans;
- inflationary pressures or changes or volatility in interest rates, foreign exchange rates, tax rates, tariffs or other rates or future prices;
- various business opportunities that we may pursue;
- the operating and competitive environment, expected growth of, and change in the property management industry;
- our ability to maintain the stable relationship with customers, suppliers and third-party subcontractors;
- determination of the fair value of our Shares;
- the performance of the financial markets in Hong Kong and the PRC;
- the risk factors discussed in this prospectus as well as other factors beyond our control;
- our ability to identify and successfully take advantage of new business development opportunities;
- the industry regulatory environment as well as the industry outlook in general;
- the amount and nature of, and potential for, future development of our Group's business;
- our Group's business objectives and strategies and our ability to implement such strategies;
- our Group's capital expenditure plans;
- our Group's operations, business prospects and financial position; and
- our Group's future plans.

The words "believe", "intend", "anticipate", "estimate", "plan", "potential", "will", "would", "may", "should", "expect", "seek" and similar expressions, as they relate to our Group, are intended to identify a number of these forward-looking statements. All statements (other than statements of historical facts included in this prospectus), including statements regarding our Group's strategy, plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements reflect our current view with respect to future events, but they are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risks factors as disclosed under the section headed "Risk factors" and elsewhere in this prospectus. One or more of these risks or uncertainties may materialise, or the underlying assumptions may prove to be incorrect. Although our Directors believe that our current views as reflected in those forward-looking statements based on currently available information are reasonable and that our Directors have exercised due care in expressing our views, including the forward-looking statements, in this prospectus, we can give no assurance that those views will prove to be correct, and the investors are cautioned not to place undue reliance on such forward-looking statements.

Subject to the requirements of the Listing Rules or the applicable laws, we undertake no obligation to publicly update or revise any forward-looking statements contained 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. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in our Shares. Our business, financial position and results of operation could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our historical results may not be indicative of our future prospects and results of operation and our future growth may not materialise as planned, and failure to manage any future growth effectively may have a material adverse effect on our business, financial position and results of operation

We have been expanding our business in recent years and we were contracted to manage property projects in the PRC with an aggregate GFA under management of approximately 11.9 million sq.m., 21.1 million sq.m. and 28.2 million sq.m. as at 31 December 2019, 2020 and 2021, respectively. We seek to expand continuously through increasing the total GFA under management and the number of property projects that we manage in existing as well as new markets. For details of our expansion plans, please refer to the section headed "Business – Our business strategies – Solidify our market position and expand our property portfolio and business scale with organic growth, strategic acquisitions and investment and support from Dima Group" in this prospectus. However, our expansion is based upon our forward-looking assessment of market prospect. We cannot guarantee that our assessment will always turn out to be correct or we can grow our business as planned. Our expansion plans may be affected by a number of factors beyond our control. Such factors include changes in the economic condition of the PRC in general and the per capita disposable income, changes in the real estate market and the property management market, in particular, government regulations, changes in supply and demand for our services, as well as availability of suitable and proficient property managers and third-party subcontractors for our expansion efforts.

To succeed in our business expansion, we will need to recruit and train new property managers and other employees, select third-party subcontractors as suppliers, continue to build our operations and reputation, and understand the needs and preference of the property owners and residents in the property projects we manage, within a relatively short period of time. We may have limited knowledge of the local property management service markets or have little or no prior business experience in the new markets that we will expand into. In addition, we may face difficulties in adapting to the administrative and regulatory environments in new markets, which could be substantially different from those in our established markets. We may not have the same level of familiarity with local business practice or relationships with local third-party subcontractors and other business partners as we do in our established markets. We may have limited ability to leverage our brand name in new markets in the way that we have done so in our established markets, and may face more intense competition from other property management companies or property developers that manage their own property projects in those new markets.

Furthermore, our future growth depends on our management's ability to improve our administrative, technical, operational and financial infrastructure. Our ability to grow also depends on our ability to hire, retain, train, supervise and manage additional officers and employees, replicate our business model, allocate our human resources and manage our relationships with a growing number of customers, suppliers and other business partners. Our historical results may not be indicative of our future prospects and results of operation and there can be no assurance that our future growth will materialise and that we will be able to manage our future growth effectively, and failure to do so would have a material adverse effect on our business, financial position and results of operation.

A substantial portion of our revenue is generated from property management services we provide to property projects sourced from Dima Group which we do not have control over

A substantial portion of our property management agreements during the Track Record Period were related to the management of property projects sourced from Dima Group and Affiliated Companies. Our revenue from the management of these property projects accounted for approximately 93.9%, 84.9% and 57.4% of our revenue from property management services for the three years ended 31 December 2021, respectively. We do not have control over Dima Group's management strategy, nor the macroeconomic or other factors that affect the business operations and financial positions of Dima Group. Pursuant to the profit warning announcement of Dima Group dated 28 January 2022, based on the preliminary assessment by the board of Dima Group with reference to the unaudited consolidated management accounts of Dima Group for the year ended 31 December 2021, net profit attributable to owners of Dima Group is expected to be approximately RMB90.2 million, representing a decrease of approximately 95% compared to the same period last year due to Dima Group's year-on-year decrease in its newly delivered property projects. Apart from net profit attributable to owners of the company, no other financial information of Dima, including those related to "three red-lines policy", were available on such announcement. As at the Latest Practicable Date, Dima Group was still in the process of finalising its final results for the year ended 31 December 2021. Dima's final results are subject to review by its board of directors and auditor. Therefore, Dima's actual financial results for the year ended 31 December 2021 may be different from what was disclosed in its profit warning announcement. Any adverse development in the operations of Dima Group or its ability to develop new property projects may affect our ability to procure the relevant new property management service agreements. We cannot assure you that Dima Group will engage us as their property management service provider for any property projects they develop in the future, also because the appointment of property management companies is generally subject to a tender and bidding process under PRC laws.

During the Track Record Period, we had also procured property management service agreements from other sources, i.e. other than those from Dima Group and Affiliated Companies. Our success rates of obtaining property management service agreements from participating in tender and bidding processes of other sources were approximately 68.0%, 78.0% and 87.3%, respectively, during the Track Record Period. We cannot assure you that we can procure property management service agreements from other sources as planned or at desirable pace or price. If we are not able to supplement any shortfall in managing property projects from Dima Group and Affiliated Companies with managing property projects from other sources at desirable pace and property management fees level, our results of operation and growth prospects may be materially and adversely affected.

We may not procure new property management service agreements as planned or at desirable pace or price and our profitability depends on our ability to obtain new customers and retain existing customers

During the Track Record Period, we generally procured new property management service agreements through a tender and bidding process. The selection of a property management company depends on a number of factors, including but not limited to the quality of services provided, the level of pricing and the operating history of the property management company. There is no assurance that we will be able to procure new property management service agreements in the future as planned or at desirable pace or price. Since our community value-added services, to a large extent, rely on the number of property projects we manage for our property management services, our profitability of our community value-added services would be affected by our ability to procure new property management service agreements and ability to retain existing customers. Our ability to obtain new customers and retain existing customers for our value-added services to non-property owners would also affect our profitability.

Termination or non-renewal of our property management service agreements for a significant number of property projects could have a material adverse effect on our business, financial position and results of operation

We generate a substantial part of our revenue from property management services performed under our property management service agreements. For the three years ended 31 December 2021, revenue generated from our property management services accounted for approximately 46.0%, 45.6% and 52.7% of our total revenue, respectively. A significant portion of our preliminary property management service agreements do not have fixed terms. Such agreements can be terminated when (i) the property owners select another property management service provider through the property owners' general meeting and a replacement property management service agreement entered into by the property owners' association takes effect, or (ii) the property owners' association is formed. The property management service agreements we entered into with property owners' associations generally have fixed terms which will need to be renewed upon expiry. For details of our property management service agreements, please refer to the section headed "Business – Our business model – Property management services – Agreements for our property management service" in this prospectus. There is no assurance that our services can be provided at a satisfactory level for us to be selected by the relevant property owners to enter into subsequent property management service agreements or the relevant subsequent property management service agreements can be renewed when their terms expire. Furthermore, property management service agreements accounting for approximately 19.8% of our contracted GFA as at 31 December 2021 will expire in the year ending 31 December 2022. Termination or non-renewal of a significant number of property management service agreements could have a material and negative impact on our revenue from property management services.

In addition, the performance and development of our community value-added services, to a large extent, rely upon the number of property projects we manage for our property management services. Therefore, any failure to renew our property management service agreements or termination of such agreements could also adversely affect the performance of our other businesses.

Our future acquisitions of or investment in other companies may not be successful and we may face difficulties in integrating acquired operations with our existing business

During the Track Record Period, we acquired several companies, including GSN Shanghai. For further details regarding our acquisitions during the Track Record Period, please refer to the section headed "History and development – Acquisitions during the Track Record Period" in this prospectus. We plan to continue to evaluate opportunities to acquire or invest in other property management companies and other businesses that are complementary to our existing business and integrate their operations into our business. However, there can be no assurance that we will be able to identify suitable opportunities. Many of our competitors that are listed on the Stock Exchange are also looking for property management companies as acquisition targets in the PRC around the same time as part of their strategies. Should we identify suitable opportunities, we may need to compete with our peers in acquiring our target(s) at the same time. Furthermore, acquisitions involve uncertainties and risks, including, without limitation, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve the intended objectives, benefits or revenue-enhancing opportunities (including failure to maintain the relevant fee level and profitability level), and diversion of resources and management attention. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favourable or acceptable to us, in a timely manner, or at all, or materialise our acquisition plan. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

Furthermore, we may face difficulties and potential risks in integrating acquired operations with our existing business, including, without limitation:

- Potential ongoing financial obligations and unforeseen or hidden liabilities;
- Inability to apply our business model or standardised operational processes on the acquisition targets;
- Difficulties in integrating acquired operations with our existing business depending on, among others, the complexity and size of the acquired business, risks of operating in new markets, unfamiliarity with new regulatory regimes, difference in corporate cultures, inability to retain the acquired company's personnel, etc.;
- 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.

Such difficulties and risks could disrupt our ongoing business, distract our management and employees or increase our expenses, any of which could materially and adversely affect our business, financial position and results of operation.

Approximately 65.0% of the net proceeds raised from the Global Offering will be used to acquire or invest in other property management companies. For further details regarding the use of proceeds and future plans of our Group, please refer to the section headed "Future plans and use of proceeds" of this prospectus. If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for other reasons which maybe beyond our control, our net proceeds from the Global Offering may not be effectively used.

Our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, labour and subcontracting costs, and our profit margins and results of operation may be materially and adversely affected by the increase in labour or subcontracting or other operating costs

The property management industry is a labour intensive industry. For the three years ended 31 December 2021, employee benefit expenses accounted for approximately 49.8%, 43.7% and 43.1%, respectively, of our total cost of sales, and our subcontracting cost represented approximately 25.8%, 29.5% and 35.1%, respectively, of our total cost of sales. To maintain and improve our profit margins, it is critical for us to control and reduce our labour and subcontracting costs as well as other operating costs. We face pressure of increase in our labour and subcontracting costs from various aspects, including but not limited to:

- increase in minimum wages. Minimum wages across China are set at the regional or district level based largely on standards determined by relevant local governments. The minimum wages in the regions and districts in which we operate have increased substantially in recent years, directly impacting our labour costs, as well as our subcontracting cost;

- increase in headcount. As we expand our operations, we expect our headcount to continue to increase. In addition to our cost of labour, this increase in headcount also increases other associated costs such as those related to training and quality control measures. We will also need to retain and continuously recruit qualified employees to meet our growing demands for talent, which will further increase our total headcount. The competition for recruiting qualified employees in the PRC property management industry is intense and could require us to pay higher wages in our recruitment and employee retention efforts, resulting in an increase in our labour costs accordingly; and

- time needed for cost-saving measures to take effect. There is a lapse in time between our commencement of property management services for a particular property and any implementation of our measures to achieve the standardisation, digitisation and smart management of our operations to reduce our relevant operating costs. Before we carry out such measures, our ability to mitigate the impact of cost increase is limited.

As our business expands and our services and property portfolio diversify, we cannot guarantee you that we will be able to control or reduce our operating costs, improve our cost structure and efficiency while continuously improving our service quality, or to successfully pass the cost impact to the property management fees charged by us so as to maintain our profitability. If we cannot achieve the above, our business, financial condition and results of operation may be materially and adversely affected.

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

During the Track Record Period, we generated substantially all of our revenue from property management services on a lump sum basis, which accounted for approximately 98.5%, 98.9% and 99.4% of our total revenue from property management services for the three years ended 31 December 2021, respectively. On a lump sum basis, we generally charge property management fees at a pre-determined fixed lump sum price, representing "all-inclusive" fees for the property management services provided. These property management fees are fixed regardless of the actual amount of property management costs we incur. We recognise as revenue the full amount of property management fees we charge to customers, and recognise as our cost of services the actual costs we incur in connection with rendering our property management services. For further details regarding our property management fees, please refer to the section headed "Business – Our business model – Property management services – Property management fees" in this prospectus. In the event that the amount of property management fees that we charge is insufficient to cover all the costs we incur for rendering the property management services, we are not entitled to collect the shortfall from the relevant customers. As a result, we may suffer losses. We incurred loss in an aggregate amount of approximately RMB0.12 million and RMB0.01 million with respect to one and one property project which we managed on a lump sum basis during the two years ended 31 December 2020.

If we are unable to raise property management fees for property project that we manage on a lump sum basis and there is a shortfall in working capital after deducting the property management costs, our gross profit margin would be adversely affected. In such events, we may seek different measures to cut costs with a view to reducing the shortfall. However, our mitigating measures through cost-saving initiatives such as reducing labour costs and implementing energy-saving measures may not be successful in raising our profit margin, and our cost-saving efforts may negatively affect the quality of our property management services, which in turn would further reduce customers' willingness to pay us higher or the same level of property management fees and, accordingly, adversely affect our reputation, business operations and financial position.

Since a number of non-residential property projects that we managed did not specify the amount of GFA under management in the relevant property management service agreements, we may incur loss in such properties and our financial performance may be adversely affected

A number of non-residential property projects that we managed include property projects that did not specify the amount of GFA under management in the relevant property management service agreements. For such property projects, we usually charge property owners of and/or entities that operate such property projects on a lump sum basis per property project that we managed based on the number of staff that we utilised for managing such property project each month. We determine the relevant property management fees on a "cost-plus" basis. For further details regarding such pricing policy, please refer to the section headed "Business – Property management services - Pricing of property management fees" in this prospectus. In particular, according to CIA, more capital is generally required for the provision of property management services for non-residential properties, as compared to residential properties, since non-residential properties featuring complementary facilities consume more electricity and water generally, and facilities in such properties require maintenance more frequently. In the event that the amount of property management fees that we charge for such property projects is insufficient to cover all the costs we incurred for rendering the property management services, we are not entitled to collect the shortfall from the relevant customers. As a result, we may suffer losses. If (i) we incur more costs than expected for managing such property projects; and (ii) we are unable to raise the property management fees accordingly to cover such costs, our gross profit margin would be adversely affected and our financial position will be adversely affected accordingly.

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

We may encounter difficulties in collecting property management fees from customers. Even though we seek to collect overdue property management fees through various collection measures, we cannot guarantee that such measures will be effective. In addition, before accepting new engagements, we may assess the historical collectability of property management fees in these property projects. However, there is no assurance that such assessment would enable us to accurately predict our future property management fees collection rates. Moreover, although most of the property management fees were paid to us through bank transfers during the Track Record Period, certain customers may choose to pay their property management fees in cash, which may impose some cash management risks on us.

The balance of our allowance for impairment of trade receivables was approximately RMB4.3 million, RMB7.2 million and RMB10.7 million as at 31 December 2019, 2020 and 2021, respectively. Although our management's estimation and the related assumptions were made in accordance with information available to us at the time the allowance was determined, such estimation or assumptions may need to be adjusted if new information becomes known. In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of the new information, we may need to make more of such impairment allowance, which may in turn materially and adversely affect our business, financial position and results of operation. If we are unable to collect property management fees from customers or experience a prolonged delay in receiving such fees, our cash flow position and our ability to meet our working capital requirements may be adversely affected.

We recorded intangible assets, including goodwill and customer relationship, on our consolidated statement of financial position in connection with the acquisitions of Hubei Zhonghe, Chongqing Shengdu, GSN Shanghai and Guangxi Shengkang during the Track Record Period. Any recognition of impairment losses on such intangible assets would adversely affect our financial position

In connection with our acquisition of Hubei Zhonghe, Chongqing Shengdu, GSN Shanghai and Guangxi Shengkang, we recorded intangible assets of RMB2.3 million, RMB118.1 million and RMB114.2 million as at 31 December 2019, 2020 and 2021, respectively, which included (i) a goodwill of RMB1.0 million, RMB76.7 million and RMB76.7 million; and (ii) customer relationship of RMB1.3 million, RMB38.9 million and RMB34.0 million, respectively. Such intangible assets accounted for 100.0%, 97.9% and 97.0% of our total intangible assets as at 31 December 2019, 2020 and 2021, respectively. The goodwill recorded reflected the difference between the total acquisition consideration and the total fair value of identifiable net assets of Chongqing Shengdu, GSN Shanghai and Guangxi Shengkang. For further details regarding our intangible assets, please refer to the section headed "Financial information – Description of certain consolidated balance sheet – Intangible assets" in this prospectus. If we fail to achieve our desired objectives or if any unforeseeable circumstances decrease the expected cash flows from acquired assets, the recoverable amount can be lower than the carrying amount on our financial statements with respect to such intangible assets. Under such circumstances, we may need to recognise the impairments losses to intangible assets in our financial statements, which may reduce our assets and adversely affect our financial position. For details of the accounting treatment of intangible assets, please refer to the section headed "Financial information – Summary of significant accounting policies and critical accounting judgement and estimates – Significant accounting policies – Intangible assets" in this prospectus.

We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture and associated company partners and our investment in joint ventures and associate companies are subject to liquidity risks

We held interests in joint ventures and associated companies with third parties and may continue to do so in the future. We recognised investments accounted for using the equity method in an amount of approximately RMB18.6 million, RMB22.6 million and RMB24.1 million as at 31 December 2019, 2020 and 2021, respectively. The performance of joint ventures and associated companies has affected, and will continue to affect our results of operation and financial position. For further details, please refer to the section headed "Financial information – Description of certain consolidated balance sheet – Investment accounted for using the equity method" in this prospectus.

The success of a joint venture or an associated company depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realise the anticipated economic and other benefits from our joint ventures and associated companies.

In addition, our investment in associated companies and joint ventures are subject to liquidity risk. Our investments in associated companies and joint ventures are not as liquid as other investment products as there is no cash flow until dividends are received even if our associated companies and joint ventures reported profits under the equity accounting. Furthermore, our ability to promptly sell one or more of our interests in the associated companies or joint ventures in response to changing economic, financial and investment conditions is limited. We cannot predict whether we will be able to sell any of our interests in the associated companies or joint ventures at the price and with terms acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquidity nature of our investment in associated companies or joint ventures may significantly limit our ability to respond to adverse changes in the performance of our associated companies and joint ventures. In addition, if there is no share of results or dividends from our associated companies or joint ventures, we will also be subjected to liquidity risk and our financial condition or results of operation could be materially affected.

We may fail to recover all payments on behalf of property owners and residents of the property projects that we managed on a commission basis

During the Track Record Period, revenue generated from our property management services on a commission basis accounted for approximately 1.5%, 1.1% and 0.6%, respectively, of our total revenue from property management services. When we are contracted to manage residential communities on a commission basis, we essentially act as an agent of the property owners and residents and all transactions related to these management offices are settled through us. At 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 and paid through our treasury function to arrange for property management services at the relevant residential community, shortfall recognised as other receivable subject to impairment.

Our management makes estimates on whether or not the management offices have the ability to settle payments on behalf of property owners and residents. In doing so they consider whether there is any objective evidence of impairment, taking into account factors such as the likelihood of subsequent settlement and write-off amounts, if any; to estimate the amount of cash flow from the receivables, they consider property management fees collection rate. Except for residential communities for which we plan not to renew property management service agreements, we also assume that we will be able to renew those property management service agreements on similar terms. If a residential community that we manage has accounts payable that are consistently higher than its accounts receivable, we may experience risk in recovering the payment we settled on behalf of property owners and residents. Our management estimates and the assumptions on which they are based have been made with information currently available to us, and they may have to be adjusted if new information becomes known. In the event that actual recoverability is lower than initially expected, or that our allowance for bad debts becomes insufficient in light of new information, we may need to increase our allowances and thereby suffer material adverse effects on our business, financial position and results of operation.

We rely on third-party subcontractors to perform certain property management services and may be held responsible for their substandard services to our customers

In conducting our business, we delegate certain services, such as cleaning, security and landscaping services, to third-party subcontractors. For the three years ended 31 December 2021, our subcontracting costs accounted for approximately 25.8%, 29.5% and 35.1% of our total cost of sales, respectively. We may not be able to monitor the services of our third-party subcontractors as directly and effectively as with of our own employees. They may take actions contrary to our instructions or requests, or be unable or unwilling to fulfil their obligations. They may not have obtained or renewed on a timely basis the relevant business permits or licence for the provision of their services. As a result, we may have disputes with our third-party subcontractors, or may be held responsible for their actions, either of which could lead to damages to our reputation, additional expenses and business disruptions, and potentially expose us to litigation and damage claims. We may be able to recover from a third-party subcontractor the amounts we are required to pay to customers due to such third-party subcontractor's failure to perform pursuant to the agreements that we enter into with such third-party subcontractor, but there is no guarantee that we will be able to do so. Upon the expiration of our agreements with our current third-party subcontractors, there can be no assurance that we will be able to renew such agreements or find suitable replacements in a timely manner, on terms acceptable to us, or at all. In addition, if our third-party subcontractors fail to maintain a stable team of qualified labour or have easy access to a stable supply of qualified labour, the work process may be interrupted. Any interruption to the third-party subcontractors' work process may potentially result in a breach of the contract that we entered into with our customers. Any of such events could materially and adversely affect our service quality, our reputation, as well as our business, financial position and results of operation.

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. For example, for our operations in the PRC, 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 agreements 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 NDRC on Relaxing Price Controls in Certain Services (國家發展和改革委員會關於放開部分服務價格意見的通知) (發

改價格[2014]2755號), which became effective on 17 December 2014, the property management fees we charge, such as those for preliminary property management service agreements, may still need to follow guidance prices imposed by local governments in different regions in China. In addition, if the relevant property projects we provide property management services fail to make the required registration for property management fees or if such fees exceed the relevant government guidance prices, we may be subject to applicable administrative penalties and our property management fees in excess of the required part may be confiscated by the relevant PRC authorities. For more information regarding the pricing regulations of property management services, please refer to the section headed "Regulatory overview – Legal supervision over property management services – Fees charged by property management companies" in this prospectus. Government-imposed limits and other regulatory requirement on property management fees, coupled with rising labour andother operating costs, could have a negative impact on our earnings. For property projects that are managed on a lump sum basis, we may experience a decrease in profit margin. We cannot guarantee that the government regulations on property management fees and other matters concerning the property management industry will not have an adverse effect on our business, financial condition and results of operation, which may be material. In addition, as we expand our business operations into new geographic regions and broaden the range of services we perform, we are subject to an increasing number of provincial and local rules and regulations.

In addition, because the size and scope of our operations had increased during the Track Record Period, the difficulty of ensuring compliance with the various local property management regulations and the potential for loss resulting from non-compliance have increased. If we fail to comply with 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 operation.

Moreover, we may also be affected by the PRC government regulations on the real estate industry. The PRC government has continued to introduce 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, property financing and taxation. For example, on 23 October 2021, the 31st Session of the Standing Committee of the 13th NPC adopted the Decision of the Standing Committee of the NPC on Authorising the State Council to Carry out a Pilot Program of Real Estate Tax Reform in Certain Areas, authorising the State Council to carry out a pilot program of real estate tax reform in certain areas. Such decision clarifies that the real estate tax shall be levied on various types of real estate for residential and non-residential use in urban areas, and that the holders of land use rights and owners of such real estate shall pay for the real estate tax. In addition, price control policies have been implemented to regulate the property price in a number of third and fourth-tier cities and a number second-tier cities with relatively low population growth in order to (i) control the degree of price cut in relation to first-handed property sold by property developers; and (ii) prevent undesirable sales practices such as malicious price cuts and competitions in order to prevent serious disruption to the real estate activities and maintain healthy development of the real estate markets. 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 operation. 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 projects, or a decline in the purchasing power of residents or tenants living in the property projects we manage, resulting in lower demand for our services and lower revenue for us. As such, our business, financial condition and results of operation could be materially and adversely affected.

We are in a competitive business with various competitors and if we do not compete successfully against existing and new competitors, our business, financial position, results of operation and prospects may be materially and adversely affected

The PRC property management industry is competitive and fragmented. According to CIA, our major competitors include national and regional property management companies. Competition may intensify as our competitors expand their service offerings or as new competitors enter our existing or new markets. We believe that we compete with our competitors on a number of factors, including property portfolio, service quality, brand recognition, financial resources and price. Our competitors may have better track records, longer operating histories and greater financial, technical, sales, marketing and other resources, as well as greater brand recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion, sale, and support of their services. In addition to competition from established companies, emerging companies may enter our existing or new markets. There can be no assurance that we will be able to continue to compete effectively or maintain or improve our market position, and such failure could have a material adverse effect on our business, financial position and results of operation.

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

Our business relies on the proper operation of our information technology systems. System interruption and security risks, including security breaches and identity theft, may result in reduced use by our customers of our relevant service platform and applications, and expose us to the risk of litigation which could negatively affect our business, financial and operational results and damage our reputation

Our business relies on the proper functioning of our information technology systems, such as "東驛站" (Doyin Station*) mobile application and our "i神馬東東" (iShenma Dongdong*) WeChat mini programme. For details regarding the digitisation of our operations, please refer to the section headed "Business – Standardisation and digitisation – Digitisation" in this prospectus. We may experience occasional system interruptions, delays or other technical problems that make any of our relevant online applications and their services unavailable or difficult to access, and prevent us from promptly responding or providing products or services to our customers, which may reduce the attractiveness of our service applications. If we are unable to continue to effectively upgrade our systems and network infrastructure and take other steps to improve the efficiency of our systems, there may be system interruptions or delays which will adversely affect our operating results. In addition, our community value-added services utilising any online platform, such as mobile applications, are subject to security risks, including security breaches and identity theft. We must be able to provide secured transmission of confidential information over public networks when providing such services. Any penetration of network security or other misappropriation or misuse of personal information could cause interruptions in the operations of our business and subject us to increased costs, litigation and other liabilities, which could negatively affect our financial and operating results and damage our reputation.

Rapidly evolving PRC regulatory environment of the real estate industry, including property management industry, and cybersecurity of corporations in the PRC may impact our business operation and financial performance going forward

The regulatory environment of the real estate industry, including property management industry, is evolving rapidly in the PRC. The relevant PRC regulatory authorities, including but not limited to, MOHURD, published (i) the Property Management Notice, which accelerates the development of the property management industry and promotes high-quality of property management services, in December 2020; and (ii) the Continuous Improvement Notice, which aims to rectify and standardise the real estate market order in the PRC by highlighting main focuses for improvement, in July 2021. For further details of the impacts on our Group, please refer to the section headed "Business — Recent changes in regulatory environment of the PRC real estate market" in this prospectus.

There might be changes in rules and regulations and regulatory initiatives from time to time in response to the changing regulatory and market environments for real estate market, including property management market, in the PRC. Any changes or initiatives might result in an increase in our cost of compliance, increase our liquid capital requirements, and restrict our business activities or future expansion. If we fail to comply with the applicable rules and regulations, it might results in fines, or even suspension. Accordingly, our cost of operations might be materially and adversely affected by any future change in regulatory environment.

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

Pursuant to the Draft Regulations on Network Data Security Management promulgated on 14 November 2021, the State will focus on the protection of personal information and important data and strictly protect core data. Data processors shall be responsible for the data security and shall fulfill their obligation of data security protection in data processing. Data processors shall take necessary measures such as backup, encryption and access control to protect data from disclosure, theft, tampering, destruction, loss and illegal use, respond to network security incidents, prevent illegal and criminal activities targeting and using data, and maintain the integrity, confidentiality and usability of data. It stipulates that data processors shall, in accordance with relevant national regulations, apply for cybersecurity review if they engage in the following activities, including, among others, seeking to be listed abroad who control more than one million users' personal information, and seeking to be listed in Hong Kong who affects or may affect national security. As at the Latest Practicable Date, the Draft Regulations on Network Data Security Management has not been formally adopted.

Based on Cybersecurity Review Measures (2021) and Draft Regulations on Network Data Security Management, our Directors and our PRC Legal Advisers are of the view that it will not affect our Group's compliance with the relevant laws and regulations, and the business operations and financial positions of our Group in any material aspects. However, as advised by our PRC Legal Advisers, the exact details of Cybersecurity Review Measures (2021) and the Draft Regulations on Network Data Security Management and the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws. As such. our Directors and PRC Legal Advisers cannot preclude the possibility that new rules or regulations promulgated in the future will impose additional compliance requirements on the Group in relation to cybersecurity review, which may result in, among others, an increase in our cost of compliance and expected time required in case we conduct further capital raising in future. For further details, please refer to the section headed "Business – Standardisation and digitisation – Internal control measures in relation to data security and privacy protection" in this prospectus.

Apart from the Cybersecurity Review Measures (2021) and the Draft Regulations on Network Data Security Management, the evolving PRC regulations regarding cybersecurity and data protection may lead to future restrictions and establishments of new regulatory agencies, meaning that we may bear more legal responsibilities and compliance costs, which may have an adverse effect on our business. For further details, please refer to the section headed "Regulatory overview – Legal supervision over property management services – Regulation on our other businesses – Regulation on information security and privacy protection" in this prospectus.

We face certain risks associated with the outbreak of COVID-19

The recent outbreak of contagious COVID-19 in the PRC and worldwide may have a material adverse effect on our business, results of operation, financial condition and prospects. In early 2020, the PRC and certain countries around the world encountered an outbreak of COVID-19, a highly contagious disease. To prevent further transmission of COVID-19, the PRC Government has adopted a series of measures nationwide, including among others, locking down Wuhan, restrictions on enterprises from resuming work, traffic control, travel bans, management and control over commencement schedules of construction in new and exiting construction sites. Therefore, we are subject to certain risks, which include among others:

- we may not be able to collect property management fees from property developers, property owners and residents in cities subject to lockdown due to COVID-19 as scheduled on time in the near future;

- we may not be able to provide on-site services, including public resources management services, community events planning services in the near future;

- we may not be able to further expand in cities subject to lockdown due to COVID-19 in the near future as planned and our tender and bidding process may be postponed which may adversely affect our business expansion;

- any transmission within the property project(s) that we manage may harm our reputation;

- we may incur extra costs in relation to our precautionary measures and disinfection works carried out by us which may result in losses under our lump sum charge;

- the delivery of property projects for which we have been contracted to provide property management services may be delayed; and

- we may be required to quarantine some or all of our employees, or disinfect the community to prevent the spread of the disease if any of our employees were suspected of contracting or contracted an epidemic disease.

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

We are exposed to risks in relation to work safety and occurrence of accidents

Work injuries and accidents may occur during the course of our business. We provide repair and maintenance services to our customers and managed property projects through our own employees or third-party subcontractors. Repair and maintenance services such as for elevators and fire control facilities involve the operation of heavy machinery and therefore, are subject to risks of work injuries or accidents. During the Track Record Period and up to the Latest Practicable Date, we did not experience any work injury incident or accident in the course of our operations that resulted in a material and adverse effect on our business, financial position and results of operation. Nevertheless, there can be no assurance that any such incident or accident, which could result in property damage, personal injury or even death to the residents, property owners, our employees or third-party subcontractors, will not occur in the future. In such events, these occurrences could result in damage to, or destruction of, property projects, personal injury or death and legal liability and we may be held liable for the losses. In addition, we are exposed to claims that may arise due to employees' or third-party subcontractors' negligence or recklessness when performing our services. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could adversely affect our reputation, business, financial position and results of operation.

We are exposed to liabilities from disputes involving losses or damages incurred by products and services marketed through our community value-added services and/or value-added services to non-property owners as well as other incidents in our business that may expose us to liability and reputational risk

We may encounter different incidents during the course of our business which may materially and adversely affect our business operation. Our community value-added services included car parking spaces management services, car parking spaces and property sales services, public resources management services, and property agency services. Claims may arise due to employees' or third-party subcontractors' negligence or recklessness when performing repair and maintenance services. In addition, product liability may arise from reselling or advertising the products or services through our community value-added services and/or value-added services to non-property owners under the Law on the Protection of Rights and Interests of Consumers of the PRC (《中華人民共和國消費者權益保護法》), the Civil Code of the PRC (《中華人民共和國民法典》) and other relevant PRC laws and regulations. For instance, claims may be brought against us by purchasers, regulatory authorities or other third parties alleging, among others, that: (i) the quality of the products sold or services provided by or through us fail to conform to required product quality; (ii) advertisements made at service centers we established for the property projects we serve 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, property projects, 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 offence is determined to be serious, our business licence 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 service. 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. Customers may not use the products offered or advertised by or through us in accordance with product usage instructions, possibly resulting in customer injury and our responsibility towards such injuries. Any of these events could materially harm our brand and reputation and marketability of such products or service, which materially and adversely affect our business, results of operation and financial position.

Damage to the common areas of the property projects that we manage as a result of any natural disasters, intended or unintended actions of property owners or residents or other events could adversely affect our business, results of operation and financial position

The common areas of the property projects that we manage may be damaged in a variety of ways that are out of our control, including but not limited to natural disasters, property owners' or residents' intended or unintended actions, and epidemics. For example, in the event of natural disasters, such as earthquake, typhoon or flood, the common areas may be materially damaged. Although the special fund for residence maintenance could cover all or part of the cost, there can be no assurance that such fund will be sufficient. If any person purposely or recklessly sets fire or causes flooding in an apartment or common area, the exterior of the building, corridors and stairways may be damaged, or if a person commits or is suspected of having committed criminal activities within the property projects, we need to allocate additional resources to assist the police and other governmental authorities on their investigations. In the event of any damage that affects the common areas, our current property owners and residents may be affected and we may have to fix the damages with our own resources and then attempt to collect fees from the property developers or property owners to cover our expenses. However, we may face difficulties in collecting such fees from them. The additional costs we incur due to damage to the common areas may increase along with our business growth and geographic expansion. For example, certain areas where we operate may be located on earthquake belt or may be subject to frequent typhoons. Although none of our assets, business, results of operation and financial positions were materially affected during the Track Record Period and up the Latest Practicable Date, we continue to be exposed to such risks that our managed property projects may suffer damage due to reasons such as natural disasters, epidemics, and property owners' or residents' intended or unintended actions or any other events.

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

Our continued success is highly dependent upon the efforts of our senior management. For their biography and industry experience, please refer to the section headed "Directors, Supervisors and senior management" in this prospectus. If either of them or any of our other key employees leaves and we are unable to promptly hire and integrate a qualified replacement, our business, financial position and results of operation 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 but not limited to 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.

Negative publicity, including adverse information on the Internet, about us, our Shareholders and affiliates, our brand, management, business partners and products and services marketed on our service platform may have a material adverse effect on our business, reputation and the trading price of our Shares

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

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining requisite government approvals or licences in carrying out our operations

We are required to obtain and maintain certain licences, permits, certificates and approvals for our business operations such as parking lot operation licence. We must meet various specific conditions in order for the government authorities to issue or renew any such certificate or permit. We cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to our services or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our operations, we will not be able to continue with our relevant business development plans, and our business, financial condition and results of operation may be adversely affected.

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

We are exposed to fraud or other misconduct committed by our employees, third-party subcontractors, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. For example, theft conducted by third parties on the premises of our managed properties may cause us to make compensation if we were held to be negligent or reckless and will also cause us to suffer damage to our reputation in the market. Our management information system and internal control procedures are designed to monitor our operations and overall compliance. However, they may be unable to identify non-compliance and/or suspicious transactions in a timely manner, or at all. Further, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective. There will therefore continue to be at risk that fraud and other misconduct may occur, including negative publicity as a result, which may have an adverse effect on our business, reputation, financial position and results of operation.

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

We have registered and were in the process of registering a number of intellectual property rights in the PRC and Hong Kong as at the Latest Practicable Date. We consider these intellectual properties are crucial business assets and key to customer loyalty and essential to our future growth. The success of our business depends substantially upon our continued ability to use our brand, trade names and trademarks to increase brand recognition and to further develop our brand. The unauthorised reproduction of our trade names or trademarks could diminish the value of our brand and our market reputation and competitive advantages. For details of our intellectual property rights, please refer to the section headed "Business – Intellectual property" in this prospectus. Our measures to protect intellectual property rights may afford limited protection and policing unauthorised use of proprietary information can be difficult and expensive. In addition, enforceability, scope and validity of laws governing intellectual property rights in the PRC are uncertain and still evolving, and could involve substantial risks to us. If we were unable to detect unauthorised use of, or take appropriate steps to enforce, our intellectual property rights, it could have a material adverse effect on our business, operating results and financial position.

As at the Latest Practicable Date, we had been licenced by Dongyuan Real Estate to use several of its trademarks for our operation. For details of our intellectual property rights that are licensed by Dima Group, please refer to the section headed "Continuing connected transactions – (A) Continuing connected transactions fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements – Trademark licensing" in this prospectus. If the licensor ceases to authorise such trademarks to us, our business, financial position and results of operation may be materially and adversely affected. We are also exposed to the risk that a third party may successfully challenge the licensor's ownership of, or our right to use, the relevant licenced trademarks or if a third party uses such trademarks without authorisation.

Third parties may assert or claim that we have infringed their intellectual property rights, which may disrupt and affect our business

We cannot assure you that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may be challenged by third parties, including competitors as well as other entities or individuals, for infringement of their intellectual property rights. We may not be fully aware of other parties' intellectual property rights involved in our systems, applications and business operations and there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our services or other aspects of our business without our awareness. To the extent that our employees or other parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. We may have to incur considerable time and costs in dealing with any claims or litigation, and if they are successful, we may be subject to substantial damages, royalty payments, restrictions from conducting our business and other stringent requirements unfavourable to our business and operations. We may also be required to indemnify other parties or pay settlement costs, and to obtain licences, modify applications or refund fees, each of which may be expensive and time-consuming. Such processes may create a distraction for our management which could affect our business operations. Additionally, the interpretation and application of China's intellectual property right laws and the procedures and standards for granting intellectual property rights in China are uncertain and still evolving, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement or may be prohibited from using such intellectual property, and we may incur licencing fees or be forced to develop alternatives of our own. As a result, our business and results of operation may be materially and adversely affected.

Our insurance policies may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter

We maintain certain insurance coverage primarily including, among others, 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 property insurance. For further details regarding our insurance policies, please refer to the section headed "Business – Insurance" in this prospectus. We believe our insurance coverage is in line with industry practice for similar property management companies in the PRC. However, we cannot assure that our insurance coverage will be sufficient or available to cover damages, liabilities or losses we may incur in the course of our business. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we are held responsible for any such damages, liabilities or losses due to insufficiency or unavailability of insurance, there could be a material adverse effect on our business, financial position and results of operation.

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

We may, from time to time, be involved in disputes with and subject to claims by our customers, such as property developers, property owners or residents, to whom we provide property management and other services. For details of the litigation, arbitration or claim of material importance to our Group, please refer to the section headed "Business – Legal proceedings and non-compliance" in this prospectus. Disputes may also arise if they are dissatisfied with our services. In addition, customers may take legal actions against us if they perceive that our services are inconsistent with the prescribed service standards contained in the property management service agreements or other agreements entered into with them. 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 employees, third-party subcontractors, other suppliers, 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 operation.

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

During the Track Record Period, we failed to make adequate social insurance and housing provident fund contributions for our employees as required by the relevant PRC laws and regulations. Please refer to the section headed "Business – Legal proceedings and non-compliance – Non-compliance" in this prospectus for details of our non-compliance in relation to social insurance and housing provident fund contributions.

There is no assurance that we will not be subject to penalties or fines imposed by the relevant PRC authority as a result of such non-compliance incidents. In the event that the relevant authority later strengthens the enforcement of the relevant laws and regulations on social insurance and housing provident fund in respect of the enterprises within its jurisdiction and accordingly require payment by enterprises of underpaid social insurance fund or housing provident fund and impose penalties, the amount of which may be significant, our Group's business, financial condition and operating results may be materially and adversely affected.

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

During the Track Record Period, some of our landlords failed to provide valid title certificates with respect to some of our leased properties in the PRC. For details of our leased properties, please refer to the section headed "Business – Properties" in this prospectus. If our landlords are not the owner or not authorised by the real owner to lease the properties to us, we might need to seek alternative properties and incur additional costs relating to such relocation. Any dispute or claim in relation to the rights to use or lease of the properties occupied by us, including any litigation involved allegations of illegal or unauthorised use of these properties, may require us to relocate our business premises. If any of our leases were terminated as a result of any challenge by third parties or any failures of our landlords to renew the leases or obtain their legal titles or the requisite government approval or consent to lease the relevant properties, we may need to seek alternatives premises and incur additional costs for relocation.

During the Track Record Period, some of the lease agreements entered into by us were not registered with the relevant government authorities, for details of our leased properties, please refer to the section headed "Business – Properties" in this prospectus. We may be subject to fines for the failure to register the lease agreements, which could disrupt our financial conditions and results of operation.

We have adopted the Pre-IPO Share Award Scheme and may adopt new share award scheme after Listing, which may incur share-based compensation expenses that may materially affect our future results of operation

In order to (i) recognise contributions made by certain staff of our Group; (ii) encourage and retain such staff to work with our Group; and (iii) align the interests of such staff directly to the shareholders of our Group through direct ownership of equity interest in our Company through equity holding in Tianjin Partnership, we adopted our Pre-IPO Share Award Scheme on 26 December 2019. For the year ended 31 December 2019, an one-off share-based payment expense of approximately RMB23.5 million in relation to the grant of Shares pursuant to the Pre-IPO Share Award Scheme was recognised, while the entire equity interests in Tianjin Partnership have been unconditionally vested and subscribed by the grantees in cash. For further details, please refer to the section headed "Further information about Directors, Supervisors and Shareholders – 13. Pre-IPO Share Award Scheme" in Appendix VI to this prospectus.

As we believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, even when no further Shares had been awarded under the Pre-IPO Share Award Scheme and no further Shares will be awarded thereunder on or after the Listing Date, we may adopt new share-based awards scheme in the future, and may result in significant share-based compensation expense to us, which may have an adverse effect on our results of operation.

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

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

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

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

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

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

Our business is subject to third-party e-commerce payment platform processing related risks

We accept payments using a variety of methods, including payments with credit cards and debit cards issued by banks in the PRC, as well as payments through third-party e-commerce payment platforms. For certain payment methods, including credit and debit cards, we may pay interchange and other fees, which may increase over time and raise our operating costs and lower our profitability. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including e-commerce payment options. We are also subject to various rules and requirements, regulatory or otherwise, governing electronic funds transfers, which are subject to change or reinterpretation that could make it difficult or impossible for us to comply with. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from customers, process electronic funds transfers or facilitate other types of e-commerce payments, and our business, financial position and results of operation could be adversely affected.

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

Under PRC laws and regulations, property developers are typically required to enter into a preliminary property management service agreement for residential properties with a property management company through a tender and bidding process. A residential property developer may be required to take rectification measures within a prescribed period and would be fined if it fails to comply with such tender and bidding requirements under PRC laws for entering into preliminary property management service agreements. In addition, a public tender and bidding process may also be required under PRC laws and regulations for PRC government, public institutions and bodies with public fiscal funds to engage property management service providers for properties, such as government buildings and public facilities.

We had a number of our preliminary property management service agreements during the Track Record Period which were obtained without conducting the required tender and bidding process under PRC laws and regulations and the compulsory requirement of relevant local authorities (the "**Relevant Property Management Projects**"). For further details regarding our property management service agreements, please refer to the section headed "Business – Our business model – Property management services – Agreements for our property management service – Movement of number of property management service agreements" in this prospectus. As confirmed by our Directors, the lack of a tender and bidding process for the selection of property management service providers for the aforementioned preliminary property management service agreements was not caused by us but the relevant property developers. As advised by our PRC Legal Advisers, there are no specific laws and regulations in the PRC which set out administrative penalties upon property management companies for failing to enter into preliminary property management service agreements through a tender and bidding process. In addition, relevant PRC laws and regulations do not explicitly stipulate whether the validity of the property management service agreements would be affected by the lack of a tender and bidding process. Based on the principles of the Civil Code of the PRC and the Supreme Court's relevant judicial interpretations, the validity of such property management service agreements should not be affected. However, the property management service agreements that are obtained without a tender and bidding process may be determined to be invalid by the local courts depending on the circumstances of the case. If this occurs, the relevant property developer may need to organise a tender and bidding process to select a property management service provider for their developed property projects. In the case that we do not win the tender and bidding, we may not continue to provide property management and related services for the relevant property projects and, as a result, our revenue and business may be negatively impacted.

Fair value changes in our financial assets/liabilities at FVPL and valuation related uncertainty may materially affect our financial condition and results of operation

Our financial assets at FVPL primarily consisted of structured deposits we invested in a reputable commercial bank in the PRC in 2018 and our financial liabilities at FVPL represent contingent consideration payable for business combination as set out in note 3.3(b) to the Accountant's Report in Appendix I to this prospectus. During the Track Record Period, we incurred gains on fair value changes of financial assets at FVPL of approximately RMB43,000, nil and nil, respectively. Such estimated changes in fair values involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. For further details, please refer to the section headed "Financial information – Summary of significant accounting policies and critical accounting judgements and estimates – Fair value of financial assets/liabilities" in this prospectus. As such, the financial assets/liabilities valuation has been, and will continue to be, subject to uncertainties in accounting estimation, which may not reflect actual fair value of these financial assets/liabilities and result in significant fluctuations in profit or loss from year to year.

In addition, the aforementioned financial assets are measured at fair value and the changes of fair value in our financial assets/liabilities at FVPL are recorded in our consolidated statements of comprehensive income, therefore directly affecting our results of operation. There is no assurance that we will not incur any fair value losses in the future. If we incur significant fair value losses on the financial assets/liabilities, our results of operation, financial condition and prospects may be adversely affected.

Failure to fulfil our obligations in respect of contract liabilities could materially and adversely affect our results of operation, liquidity and financial position

Our contract liabilities mainly represented the advance payments made by customers while our underlying services, primarily property management services, have yet to be provided and thus the relevant revenue has not been recognised. As at 31 December 2019, 2020 and 2021, our contract liabilities amounted to approximately RMB88.4 million, RMB118.0 million and RMB194.6 million, respectively. For further details, please refer to "Financial information – Description of certain consolidated balance sheet items – Contract liabilities" in this prospectus.

If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the property management fees we have received, which may adversely affect our cash flow and liquidity condition and our ability to meet our working capital requirements and in turn, our results of operation 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 operation in the future.

We face risk regarding the recoverability of deferred income tax assets

As at 31 December 2019, 2020 and 2021, our deferred income tax assets amounted to approximately RMB12.1 million, RMB10.4 million and RMB8.4 million, respectively. As deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, our management's judgement is required to assess the probability of future taxable profits.

We cannot assure you that the deferred income tax assets can be recovered. Any change in our management's judgement would affect the carrying amounts of deferred income tax assets to be recognised. In the case that the value of the deferred income tax assets has changed, we have to write-down the deferred income tax assets, which may adversely affect our financial condition for that respective year.

We face the risk of inventory obsolescence

Our Group's inventories mainly represented the sales rights of car parking spaces in Wuhan we purchased from property developers in 2018 for subsequent sale. There was a decrease in our inventories by approximately 7.9% from approximately RMB58.1 million as at 31 December 2019 to RMB53.5 million as at 31 December 2020, and a further decrease in our inventories by approximately 3.2% from RMB53.5 million as at 31 December 2020 to RMB51.8 million as at 31 December 2021. Such decrease was mainly due to the continuous sale of the car parking spaces we purchased in 2018 to third-parties customers throughout 2019, 2020 and 2021. As at 10 April 2022, we had sold approximately RMB6.7 million, or approximately 13.6% of our total inventories outstanding as at 31 December 2021. For further details, please refer to the section headed "Financial Information – Description of certain consolidated balance sheet items – Inventories" in this prospectus.

We cannot assure you that such inventories will be sold. If we fail to manage our inventories effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs.

We may not obtain preferential tax treatments in future

In accordance with the Notice on Issues Concerning Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy (Cai Shui [2011] No. 58) (《關於深入實施西部大開發戰略有關稅收政策問題的通知》)(財稅[2011]58號) (taking effective on 1 January 2011), and the Announcement on Continuation of CIT Policies for Large-scale Development in the Western Region (Announcement [2020] No. 23 of the Ministry of Finance, State Taxation Administration and National Development and Reform Commission) (《關於延續西部大開發企業所得稅政策的公告》)(財政部、稅務總局、國家發展改革委公告2020年第23號) (taking effective on 1 January 2021), for enterprises in the western PRC engaging in encouraged industries, a 15% preferential income tax rate shall apply, from 1 January 2011 to 31 December 2030.

Furthermore, in accordance with Announcement No. 2 [2019] of the State Taxation Administration (國家稅務總局公告2019年第2號(財稅[2019]13號)), which was in force between 1 January 2019 and 31 December 2021, a lower applicable (preferential tax) rate would be applicable to small and micro enterprises if its annual taxable income does not exceed RMB3 million. In accordance with Ministry of Finance Announcement of the State Administration of Taxation No. 13 of 2022* (財政部稅務總局公告2022年第13號文規定), which is currently in force and will cease to be in force on 31 December 2024, a lower applicable (preferential tax) rate is applicable to small and micro enterprises if its annual taxable income is more than RMB1 million but less than than RMB3 million. A small and micro enterprise means (i) it has an annual taxable income of less than RMB3 million, (ii) it does not employ more than 300 employees and (iii) it does not have total assets of more than RMB50 million. Such regulations relating to small and micro enterprises are subject to adjustment from time to time.

In relation to this, our Group has obtained preferential tax treatments (i.e. preferential tax rates that are lower than the general corporate income tax rate of 25% in the PRC) on certain subsidiaries, which are either (i) located in western cities in the PRC; or (ii) classified as small and micro enterprises, amounting to approximately RMB1.2 million, RMB10.0 million and RMB14.3 million for each of the three years ended 31 December 2021, respectively. Please refer to note 12 to Accountant's Report in Appendix I to this prospectus for further details. We cannot assure you that such preferential tax treatment will continue in future.

As a majority of our trade receivables during the Track Record Period were attributable to related parties, we are subject to credit risks and recoverability risks relating to such trade and other receivables

As at 31 December 2021, our trade receivables due from related parties amounted to approximately RMB215.3 million, amounting to approximately 53.3% of the total trade receivables due. In particular, our trade receivables due from (i) Dima Group and Affiliated Companies amounted to approximately RMB215.1 million; and (ii) certain subsidiaries of Chongqing Doyen amounted to approximately RMB0.3 million. Due to the recent changes in the regulatory environment of the PRC real estate market, Dima Group has adopted a more prudent approach on capital use in order to improve its cash flow management and cope with the uncertainty of the external environment. Such prudent approach prolonged the settlement of our Group's trade receivables due from Dima Group.

As we have on-going continuing connected transactions with Dima Group and Affiliated Companies (please refer to the section headed "Continuing connected transactions" in this prospectus for more details), we cannot guarantee that all such payments due from related parties will be settled in full when such payment falls due. Furthermore, such related parties are under financial difficulties which may also trigger loan covenants under certain loan facility agreements of Dima Group (please refer to the section headed "Relationship with our controlling shareholder – Doyen Debt Restructuring – A. Possible impact on Dima Group – Daily management and operations of Dima" in this prospectus for more details) and Dima Group may need to settle the amount immediately, therefore Dima Group and Doyen Group may not be able to settle the outstanding debts due to our Group. If our related parties, including Dima Group and Doyen Group, delays in its payment of our fees, our cashflow, business operation and financial position could be adversely affected.

RISK RELATING TO THE DOYEN DEBT RESTRUCTURING

If the Doyen Debt Restructuring required the transfer of all Dima Preserved Shares to the Possible New Dima Shareholder(s), the Possible New Dima Shareholder(s) will have indirect influence over our Company and his/her/its interests may not be aligned with the interests of the other Shareholders

With reference to the section headed "Relationship with Controlling Shareholders – Doyen Debt Restructuring" in this prospectus, according to our PRC Legal Advisers, the Creditors have the right to enforce the collaterals of the Loans and request the transfer of all Dima Preserved Shares to the Possible New Dima Shareholder(s) through judicial auction process for settlement of the outstanding debt or part thereof. In the event that the Creditors enforce their rights to the respective collaterals of the Loans due to, among others, Mr. Lo And His Associates not adhering to the interest repayment schedule set out in the Restructuring Proposal, all Dima Preserved Shares, which represented approximately 42.16% of the shareholding of Dima as at the Latest Practicable Date, would be transferred to the Possible New Dima Shareholder(s) entirely through judicial auction process. In such circumstances, the Possible New Dima Shareholder(s) would affect Dima to an extent that he/she/it would be able to at most secure two candidates nominated by him/her/it be elected to the board of directors of Dima out of a total of seven directors in the board of directors of Dima. For detailed analysis, please refer to section headed "Relationship with our Controlling Shareholders – Doyen Debt Restructuring – A. Possible Impact on Dima Group" in this prospectus.

In the event the aforementioned circumstances occur, the Possible New Dima Shareholder(s) may have indirect influence over our Company as a controlling shareholder (as defined under the PRC Listing Regulations) of Dima, to a certain extent that two directors nominated by the Possible New Dima Shareholder(s) may propose matters regarding mergers, expansion plans, consolidations and the sale of all or part of our Group's assets, election of directors and other significant corporate actions to the board of directors of Dima, and subsequently to shareholders of Dima to consider. It is possible that other directors of Dima as well as remaining shareholders of Dima may agree on such matters, and subsequently approve matters, including but not limited to, disposal of our Group. In such circumstances, the Possible New Dima Shareholder(s) may exercise his/her/its indirect influence over our Group and cause Dima to make decisions which conflict with the best interests of the other Shareholders.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in the economic and social conditions of China could adversely affect our business

Given that our business operations are conducted in the PRC, our business and results of operation are subject to the economic and social policies and conditions of the PRC.

The development of Chinese economy is unique in many respects, including its structure, level of development, and growth rate. Although the PRC government has implemented measures emphasising the utilisation of market forces in the development of the Chinese economy, it still exercises macroeconomic control through means including allocation of resources and setting monetary policy. The PRC government also continues to play a significant role in regulating industries by imposing industrial policies. There is no assurance that the economic, foreign currency or legal systems of China will not develop in a way that is detrimental to our business operations. Our results of operation, financial condition and prospects may also be adversely affected by changes in foreign currency, social policies and conditions in the PRC.

In addition, while the PRC government has undergone various economic reforms in the last few decades, many of such reforms are expected to be refined, adjusted and modified from time to time based on economic and social conditions. In addition, the scope, application and interpretation of the laws and regulations relating to such reforms may not be entirely clear. Such refinement, adjustment or modification may impact our business operations in ways that we cannot predict, and any uncertainty in the scope, application and interpretation of the relevant laws and regulations may materially and adversely affect our results of operation and financial condition.

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

The PRC government, in certain cases, imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of China. Please refer to the section headed "Taxation and foreign exchange – Laws and regulations relating to foreign exchange control in the PRC" in Appendix III to this prospectus. We received all of our revenue in Renminbi during the Track Record Period. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or make other payments or satisfy other foreign currency denominated obligations, if any. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

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

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

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

Non-PRC resident holders of H Shares may be subject to PRC taxations

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H Shares ("**non-resident individual holders**"), and gains realised through the sale or transfer by other means of H Shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realised through the sale or transfer by other means of H Shares by, non-PRC resident enterprise holders of H Shares ("**non-resident enterprise holders**") are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) dated 21 August 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of our shares shall pay enterprise income tax for the dividends declared and paid by us at a tax rate of 5%.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (《財政部國家稅務總局關於個人所得稅若干政策問題的通知》), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT effective as at 30 March 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On 3 February 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院轉批發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On 8 February 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and MOF and SAT should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by MOF and SAT.

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

The legal system in the PRC has uncertainties that could limit the legal protections available to us

The legal system in the PRC has been developing continuously. Currently effective laws and regulations may not sufficiently cover all aspects of economic activities in the PRC, and there is much uncertainty in their application, interpretation and enforcement. The PRC legal system is also partly based on government policies and administrative rules that may take effect retrospectively.

In addition, the PRC legal system is based on written statutes and may differs from other jurisdictions in many ways. Prior court decisions may be cited for reference but have limited precedential value. Accordingly, the outcome of dispute resolutions may not be consistent or predictable, and it may be difficult to enforce judgements and arbitration awards in the PRC.

Any litigation or regulatory enforcement action in the PRC may also be protracted, which may result in the diversion of our resources and management attention.

These uncertainties relating to the interpretation, implementation and enforcement of the PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions may limit the legal remedies and protections available to us under the PRC laws, rules and regulations.

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 judgements obtained from non-PRC courts

All of our Directors and senior management members reside in the PRC, and all of the assets of those people and of our Company are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any judgements obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom, Japan and many other countries. Therefore, recognition and enforcement in China of judgements of a court in any of these jurisdictions may be difficult or even impossible.

Natural disasters, public health and public security hazards may severely disrupt our business and operations

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

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

RISKS RELATING TO THE GLOBAL OFFERING

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

The Offer Price of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution in unaudited pro forma adjusted consolidated net tangible assets of HK$5.46 per H Share, based on the maximum Offer Price of HK$15.40 per Offer Share.

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

There is no prior public market for our H Shares

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

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

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

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

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

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of particular companies. This may include a general global economic downturn, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While it is difficult to predict how long these conditions will last, they could continue to present risks for an extended period of time. If we experience such fluctuations, results of operation and financial position could be materially and adversely affected. Moreover, market fluctuations may also materially and adversely affect the market price of our H Shares.

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

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

In addition, our unlisted Shares, including Domestic and Unlisted Foreign Shares, may be converted into H Shares, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval processes shall have been duly completed and the approval from the relevant regulatory authorities, including CSRC, shall have been obtained in accordance with the regulations of the State Council's securities regulatory authorities as well as regulations, requirements and procedures of relevant overseas stock exchanges. No class shareholder vote is required for the conversion of such Shares and the listing and trading of the converted Shares on an overseas stock exchange. If a significant number of unlisted Shares are converted into H Shares, the supply of H Shares may be substantially increased, which could materially and adversely affect the prevailing price of our H Shares.

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

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

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

Prior to and immediately following completion of the Global Offering, our Controlling Shareholders will remain having substantial control over their interests in the issued share capital of our Company. Subject to the Articles of Association and the Companies Ordinance and the Listing Rules, our Controlling Shareholders by virtue of their 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. The interests of our Controlling Shareholders may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of our Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

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

During the Track Record Period, we had declared and paid dividend to our Shareholders. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial position, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. In addition, we, as a company established in the PRC, are permitted to pay dividends only out of our retained earnings, if any, as determined in accordance with applicable PRC accounting standards and regulations. Under PRC law, we are required to set aside 10% of our after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of our registered capital. The statutory reserve funds are not distributable as cash dividends. Subject to the provisions of the Articles of Association and applicable PRC laws and regulations, following completion of the Global Offering, we may declare and pay dividend depending on, among others, our results of operation. However, there is no assurance that dividends of any amount will be declared or distributed in any year in the future.

Facts and statistics in this prospectus should not be unduly relied upon

Certain facts and other statistics in this prospectus that do not relate directly to our operations, including those relating to the PRC, the PRC economy and the PRC property management industry have been derived from various official government publications, and data 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 our Company, the Sole Sponsor, or any of their respective directors, officers, affiliates, advisors or representatives, or any other parties involved in the Global Offering, and such information may not be consistent with other publicly available information.

Our Company, the Sole Sponsor, the Underwriters or any of their respective directors, officers, affiliates, advisors or representatives, or any other parties involved in the Global Offering make no representation as to the completeness or 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 with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. Therefore, you should not rely unduly upon such facts and statistics contained in this prospectus.

The entire prospectus should be read carefully and any information contained in press articles, media and/or research reports regarding our Company, our business, our industry or the Global Offering not contained in this prospectus should not be relied upon

There may be certain coverage in the press and/or media regarding our Company, our business, our industry and the Global Offering. There had been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to completion of the Global Offering, press and/or media coverage regarding our Company, our business, our industry and the Global Offering containing, among other matters, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information disseminated in the articles or media and that such information was not sourced from or authorised by our Company.

We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, publication or underlying assumptions. To the extent that any of the information in the media or publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, you should read the entire prospectus carefully and should make investment decisions about us on the basis of the information contained in this prospectus only and should not rely on any other information.

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

This prospectus contains certain statements that are "forward-looking" and indicated by the use of forward-looking terms such as "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "plan", "potential", "project", "seek", "should", "will" or "would" or similar expressions. You are cautioned that any forward-looking statement involves risks and uncertainties and any or all of the assumptions relating to the forward-looking statements could prove to be inaccurate. As a result, the forward-looking statement could be incorrect. The inclusion of forward-looking statements in this prospectus should not be regarded as a representation by us that the plans and objectives will be achieved, and you should not place undue reliance on such statements.

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

MANAGEMENT PRESENCE

Waiver from strict compliance with Rule 8.12 of the Listing Rules

An application has been submitted to the Stock Exchange for a waiver from strict compliance with Rule 8.12 of the Listing Rules which requires a new applicant applying for primary listing on the Main Board to have sufficient management presence in Hong Kong. This normally means that at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange. Since the principal business operation of our Group is located in the PRC, the senior management team of our Group is and will continue to be based in the PRC. At present, our Company has two executive Directors, both of whom are not ordinarily resident in Hong Kong. Further, our Directors consider that it would be practically difficult and not commercially feasible for our Company to appoint two more Hong Kong residents as executive Directors or to relocate any of our existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules. Accordingly, we do not and, in the foreseeable future, will not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirement under Rule 8.12 of the Listing Rules.

In this regard, pursuant to Rule 19A.15 of the Listing Rules, the Stock Exchange has granted a waiver to our Company from strict compliance with the requirement under Rule 8.12 of the Listing Rules. In this respect, our Company has appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, namely, Mr. Heng Qingda, an executive Director and one of our co-chief executive officer, and Mr. Wong Wai Chiu, one of our joint company secretaries, who will act as our principal channel of communication with the Stock Exchange. Mr. Wong Wai Chiu is a Hong Kong resident and is contactable by the Stock Exchange. Both authorised representatives (i) will be contactable by telephone and/or email to deal promptly with any enquiries which may be made by the Stock Exchange; (ii) have the means to contact all our Directors (including our independent non-executive Directors) promptly at all time, as and when the Stock Exchange wishes to contact the Directors on any matter; and (iii) are to act all times as principal channel of communication between the Stock Exchange and our Company. Our Company will inform the Stock Exchange promptly in respect of any change in the authorised representatives.

Each Director who is not ordinarily resident in Hong Kong has also confirmed that he/she possesses valid travel documents to visit Hong Kong for business purposes and is able to come to Hong Kong or meet with the Stock Exchange within a reasonable period of time when required. To enhance the communication between the Stock Exchange, the authorised representatives and our Directors would perform as follows: (i) each Director has provided his/her mobile phone number and email address to the authorised representatives; (ii) each

Director will provide his/her phone numbers or means of communication to the authorised representatives when he/she is travelling; and (iii) all Directors and the authorised representatives have provided their respective mobile phone number and email address to the Stock Exchange.

In addition, our Company has appointed a compliance adviser pursuant to Rules 3A.19 and 19A.15 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the Listing Date. The compliance adviser will act as an additional channel of communication with the Stock Exchange.

Furthermore, our Company shall also appoint other professional advisers (including legal advisers and accountants) after Listing to assist our Company in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be efficient communication with the Stock Exchange.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint as our company secretary 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. The Stock Exchange considers (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and (iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)) to be acceptable academic or professional qualifications. In assessing "relevant experience", the Stock Exchange will consider the individual's (i) length of employment with the issuer and other issuers and the roles he/she played; (ii) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

We have appointed Mr. Liu Xing and Mr. Wong Wai Chiu as our joint company secretaries. Mr. Liu Xing is experienced in finance and accounting and has a thorough understanding of the operation of our Group as he joined our Group in August 2014. However, Mr. Liu does not possess any of the qualifications as stipulated in Rule 3.28 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Wong Wai Chiu, who meets the requirements under Rules 3.27 and 8.17 of the Listing Rules to act as another joint company secretary and to provide assistance to Mr. Liu for an initial period of three years commencing from the Listing Date so as to fully comply with the requirements set out under Rules 3.28 and 8.17 of the Listing Rules.

Mr. Wong Wai Chiu will work closely with Mr. Liu to jointly discharge the duties and responsibilities as company secretary and assist Mr. Liu to acquire the relevant experience as required under Rule 3.28 of the Listing Rules. In addition, Mr. Liu will endeavour to attend relevant training and familiarise himself with the Listing Rules and duties required for a company secretary of a PRC issuer listed on the Stock Exchange, including briefing on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules organised by our Company's Hong Kong legal advisers on an invitation basis and seminars organised by the Stock Exchange for PRC issuers from time to time.

Mr. Wong Wai Chiu, who will familiarise himself with the affairs of our Company, will communicate regularly with Mr. Liu on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to our Company and its other affairs. Mr. Wong Wai Chiu will work closely with, and provide assistance to, Mr. Liu in the discharge of his duties as company secretary. Mr. Liu will also be assisted by the compliance adviser and the Hong Kong legal advisers of our Company, particularly in relation to Hong Kong corporate governance practices and regulatory compliance, on matters concerning our Company's ongoing compliance obligations under the Listing Rules and the applicable laws and regulations.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years commencing from the Listing Date (the "**Waiver Period**"), under the conditions that (i) Mr. Liu must be assisted by Mr. Wong Wai Chiu, who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules, and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. Upon the expiry of the initial three-year period, the qualifications of Mr. Liu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied. In the event that Mr. Liu has obtained relevant experience under Rules 3.28 and 8.17 of the Listing Rules at the end of the said initial three-year period, the above joint company secretaries arrangement would no longer be necessary.

CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into certain transactions which would constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules after Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with the announcement, circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in the section headed "Continuing connected transactions" in this prospectus. Further particulars about such transactions together with the application for a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules are set out in the section headed "Continuing connected transactions" in this prospectus.

The following information is provided for guidance only. Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable laws in the countries of their respective citizenship, residence and domicile.

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 about our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC APPROVAL

The CSRC issued an approval letter on 11 October 2021 for the Global Offering and application to list our H Shares on the Stock Exchange. In granting such approval, neither the CSRC accepts any responsibility for our financial soundness, nor does it accept any responsibility for the accuracy of any of the statements made or opinions expressed in this prospectus. No other approvals are required to be obtained for listing of our H Shares on the Stock Exchange.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 1,666,800 Offer Shares and the International Offering of initially 14,999,867 Offer Shares (subject, in each case to reallocation on the basis set out in the section headed "Structure of the Global Offering" in this prospectus).

The listing of our H Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters, and the International Offering is expected to be fully underwritten by the International Underwriters. The Global Offering is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. The Global Offering is managed by the Sole Global Coordinator. If, for any reason, the Offer Price is not agreed upon between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For further information, please refer to the section headed "Underwriting" in this prospectus.

Our H Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Manager, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as at any subsequent time.

For details of the structure of the Global Offering, including its conditions, please refer to the section headed "Structure of the Global Offering" in this prospectus. For the procedures for applying for our H Shares, please refer to the section headed "How to apply for Hong Kong Offer Shares" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Hong Kong Offer Shares are being offered at the Offer Price which is expected to be determined by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on or around Friday, 22 April 2022, or such later date as may be agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us but in any event not later than Wednesday, 27 April 2022.

If the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price on or before the Price Determination Date, the Global Offering will not become unconditional and will lapse.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares is set out in the section headed "How to apply for Hong Kong Offer Shares" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Manager, the Sole Sponsor, the Underwriters, any of their respective directors, affiliates, advisors, agents or representatives of any of them or any other person or party involved in the Global Offering.

Each person acquiring the Offer Shares will be required to, or be deemed by his acquisition of Offer Shares, to confirm, that he is aware of the restrictions on offers and sale of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances contravene any such restrictions.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option). Our unlisted Shares may be converted to H Shares after obtaining the approval of the CSRC, details of which are set out in the section headed "Shares capital – Conversion of our unlisted Shares into H Shares" in this prospectus. No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provision) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified by our Company by or on behalf of the Stock Exchange.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

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

(a) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance, the Special Regulations and our Articles of Association;

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

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

(d) authorises us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not associates of any of our Directors of our Company or an existing shareholder of our Company or a nominee of any of the foregoing.

H SHARE REGISTER AND STAMP DUTY

All Offer Shares subscribed for pursuant to applications made in the Hong Kong Public Offering will be registered on the H Share register of members of the Company to be maintained by our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F Hopewell Centre 183 Queen’s Road East, Wan Chai, Hong Kong. Our register of members will also be maintained by us at our head office in the PRC.

Dealings in H Shares registered in the H Share register of members in Hong Kong will be subject to Hong Kong stamp duty. The current rate of stamp duty in Hong Kong is 0.26% of the consideration of, if higher, the market value of the Shares being sold or transferred.

Unless determined otherwise by our Company, dividends payable in respect of our H Shares will be paid to the Shareholders listed on the H Share register of members of our Company in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of our Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares, you should consult an expert.

We, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Manager, the Underwriters, any of their respective directors, agents or advisers or any other persons or parties involved in the Global Offering do not accept responsibility for any tax effects on or liabilities resulting from the subscription for, purchase, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Stock Exchange as well as our compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading days. Investors should seek the advice of their stockbroker or other professional advice for details of these settlement arrangements and how such arrangements will affect their rights and interests.

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

OVER-ALLOTMENT AND STABILISATION

Details of the arrangements relating to the stabilisation and Over-allotment Option are set out in the section headed "Structure of the Global Offering" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus.

CURRENCY TRANSLATIONS

Unless otherwise specified, certain amounts denominated in RMB have been translated, for illustrative purposes only, into Hong Kong dollars in this prospectus at the following rates:

HK$1 : RMB0.82164

No representation is made at that any amounts in RMB or HK$ can be or could have been at the relevant dates converted at the above rate or any other rates, or at all.

LANGUAGE

The English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain monetary amounts included in this prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in our H Shares on the Main Board are expected to commence at 9:00 a.m. on Friday, 29 April 2022 under the stock code 2352. H Shares will be traded in board lots of 200 H Shares each.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Heng Qingda (衡清達)	Rm 2403 No. 4, Ally 288 Zhonghuaxin Road Zhabei District, Shanghai The PRC	Chinese
Mr. Fan Dong (范東)	14-1-0602 Longhu Yuanzhu South District Jiangbei District, Chongqing The PRC	Chinese
Non-executive Directors		
Ms. Yi Lin (易琳)	No. 5-6, Tower 2 No. 37 Hongsheng Road Jiangbei District, Chongqing The PRC	Chinese
Mr. Chen Han (陳涵)	No. 301 No. 6, Ally 300 Hongfeng Road Pudong Xin District, Shanghai The PRC	Chinese
Independent non-executive Directors		
Ms. Cai Ying (蔡穎)	G/F, 6 Carmel Road Gordon Terrace, Stanley Hong Kong	Chinese
Mr. Wang Susheng (王蘇生)	No. 202, Tower 13 Meilin Second Village Futian District, Shenzhen The PRC	Chinese
Mr. Song Deliang (宋德亮)	Room 6-1103 Ally 128 Longrui Road Quhui District, Shanghai The PRC	Chinese

SUPERVISORS

Name	Residential address	Nationality
Mr. Wang Jun (王駿)	Room 1203 No. 14, Ally 77 Longrui Road Quhui District, Shanghai The PRC	Chinese
Mr. Mao Dun (毛盾)	Room 27-2 No. 9, Yubei San Village Guanyin Qiaosuo Jiangbei District, Chongqing The PRC	Chinese
Ms. Tan Liang (譚亮)	No. 17, Xiyangba Group Shilong Village Shizhu County, Chongqing The PRC	Chinese

SENIOR MANAGEMENT

Name	Residential address	Nationality
Mr. Liu Xing (劉興)	Room 8-9, Tower 3 No. 1 Chunsen Bian District Jiangbei District, Chongqing The PRC	Chinese

Please refer to the section headed "Directors, Supervisors and senior management" in this prospectus for further details.

PARTIES INVOLVED

Sole Sponsor	**Guotai Junan Capital Limited** *A corporation licenced to carry out Type 6 (advising on corporate finance) regulated activity under the SFO* 27/F, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Sole Global Coordinator	**Guotai Junan Securities (Hong Kong) Limited** *A corporation licenced to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO* 27/F, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Joint Bookrunners	**Guotai Junan Securities (Hong Kong) Limited** 27/F, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong **ABCI Capital Limited** 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong **BOCOM International Securities Limited** 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong **CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **ICBC International Capital Limited** 37/F ICBC Tower 3 Garden Road Hong Kong **CMBC Securities Company Limited** 45/F, One Exchange Square 8 Connaught Place, Central Hong Kong

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

Fortune (HK) Securities Limited
Units 4102-06, 41/F, COSCO Tower
183 Queen's Road Central
Hong Kong

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

Guosen Securities (HK) Capital Company Limited
Suites 3207-3212 on Level 32
One Pacific Place
88 Queensway
Hong Kong

Zheshang International Financial Holdings Co., Limited
Room 4405, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Joint Lead Managers

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

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

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

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

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

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

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

Fortune (HK) Securities Limited
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183 Queen's Road Central
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Futu Securities International (Hong Kong) Limited
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Guosen Securities (HK) Capital Company Limited
Suites 3207-3212 on Level 32
One Pacific Place
88 Queensway
Hong Kong

Zheshang International Financial Holdings Co., Limited
Room 4405, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Co-lead Manager	**Merdeka Securities Limited** Room 1108-1110, 11/F, Wing On Centre 111 Connaught Road Central Hong Kong
Legal advisers to our Company	*As to Hong Kong law:* **Chiu & Partners** 40/F, Jardine House 1 Connaught Place Hong Kong *As to PRC law:* **AllBright Law Offices** 11, 12/F, Shanghai Tower No. 501 Yincheng Middle Road Pudong New Area Shanghai, PRC *As to United States law:* **Norton Rose Fulbright Hong Kong** 38/F, Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **King & Wood Mallesons** 13/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road, Chaoyang District Beijing, PRC

Auditor and reporting accountant	**PricewaterhouseCoopers** *Certified Public Accountants* *and Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong
Compliance adviser	**Guotai Junan Capital Limited** *A corporation licenced to carry out Type 6 (advising on corporate finance) regulated activity under the SFO* 27/F, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Industry consultant	**China Index Academy** Block A, No. 20 Courtyard Guogongzhuang Middle Street Fengtai District Beijing The PRC
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered office, headquarters and principal place of business in the PRC	Room 206, B1/F No. 108 Baihe Road Nanping Town Nan'an District, Chongqing The PRC (重慶市南岸區南坪鎮白鶴路108號負1層206室)
Place of business in Hong Kong	40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's website	www.dowellservice.com *(Note: information on this website does not form part of the prospectus)*
Joint company secretaries	Mr. Liu Xing Room 8-9, Tower 3 No. 1 Chunsen Bi'an District Jiangbei District, Chongqing The PRC (中國重慶市江北區春森彼岸小區1號3棟8-9室) Mr. Wong Wai Chiu (FCG, FCS) (a fellow member of The Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom) 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Authorised representatives	Mr. Heng Qingda (衡清達) Rm 2403 No. 4, Ally 288 Zhonghuaxin Road Zhabei District, Shanghai The PRC Mr. Wong Wai Chiu (FCG, FCS) (a fellow member of The Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom) 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong

Audit Committee	Mr. Song Deliang *(Chairman)* Ms. Yi Lin Mr. Wang Susheng
Remuneration Committee	Mr. Wang Susheng *(Chairman)* Mr. Chen Han Ms. Cai Ying
Nomination Committee	Ms. Yi Lin *(Chairlady)* Ms. Cai Ying Mr. Song Deliang
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal banker(s)	**China Construction Bank Cooperation** **Chongqing Nanping Branch** No. 24, Nanping West Road Nan'an District Chongqing, the PRC

This section contains certain information, statistics and data which are derived from official government publications and an industry report prepared by CIA based on information from its database, public available sources, industry reports, data obtained from interviews and other sources. The information from official government publications may not be consistent with information available from other sources within or outside the PRC and Hong Kong. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information derived from official government publications has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Manager, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy.

BACKGROUND AND METHODOLOGIES OF CIA

We purchased the right to use and quote various data from publications by CIA at a total sum of RMB800,000 and supplemented these with data obtained from public sources where applicable. CIA has conducted research on the Top 100 Property Management Companies since 2008. In its research, CIA considers property management companies that have managed at least ten properties or an aggregate GFA of 500,000 sq.m. or above for the previous three years. CIA uses research parameters and assumptions and gathers data from a multitude of primary and secondary sources, including public data from property management companies (including data from reported statistics, websites and marketing materials), surveys that it has conducted on property owners regarding their level of satisfaction, data from the China Real Estate Index System, public data from relevant governmental authorities and data gathered for CIA's prior published reports. CIA derives its rankings of overall strength of property management companies primarily by evaluating each property management company's management scale, operational performance, service quality, development potential and social responsibility. CIA assesses the growth potential of a property management company primarily in terms of revenue growth rate, growth rate of total GFA under management, total GFA of contract reserve, total number of employees and composition of employees. In this section, the data analysis is primarily based on that of the Top 100 Property Management Companies.

In preparing the CIA Report, CIA assumed that: (i) the social, economic and political conditions in the PRC and the world will remain stable during the forecast period; (ii) government policies on the property management industry in the PRC will remain unchanged during the forecast period; (iii) all published data by the relevant statistics bureaus are accurate; and (iv) all information relating to residential sales transactions collected from the relevant local housing administrative bureaus is accurate.

THE PRC PROPERTY MANAGEMENT INDUSTRY

Overview of the property management industry

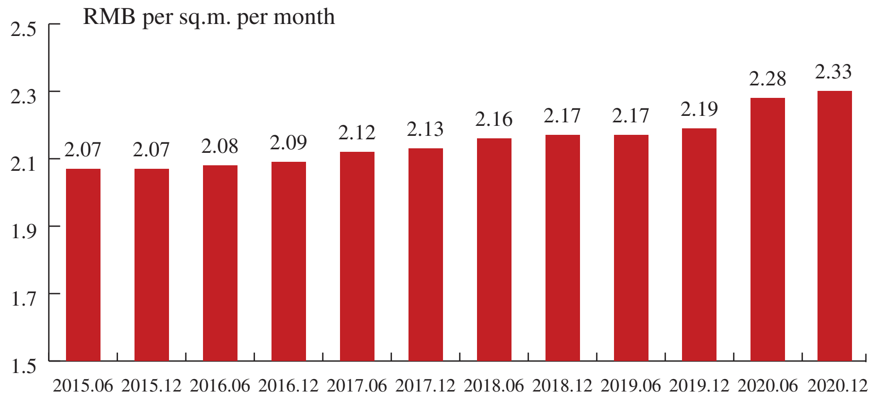
The property management industry emerged in 1981 in the PRC, when the first PRC property management company was founded. Followed by the official promulgation of the Regulations on Property Management (《物業管理條例》) in 2003 and Property Law of People's Republic of China (《中華人民共和國物權法》) in 2007, the regulatory framework for the property management industry gradually took shape and legalisation further deepened, and an open and fair market system for the industry was established. The PRC property management industry now services a wide range of properties, including residential properties, commercial properties, offices, public properties, industrial parks, schools, hospitals and other properties.

Major fee models in the PRC property management industry

In the PRC, most property management companies generate revenue from property management services. In addition, property management companies may also generate revenue from other value-added services, including, among others, consultancy services, engineering services and community value-added services such as common area operation, housekeeping, property agency, finance, community elderly care and nursing services.

In the PRC, property management fees may be charged either on a lump sum basis or a commission basis. According to CIA, the lump-sum fee model for property management fees, which means property owners pay a fixed and all-inclusive property management fees to property management service providers, is the dominant fee model in the property management industry in China, especially for residential properties. The lump-sum fee model can incentivise property management service providers to optimise their operations to enhance profitability. On the other hand, according to CIA, customers that require property management services for non-residential properties are often single property owners which require more customised services. Therefore, it is common to adopt a fixed annual or monthly property management fee, which is determined based on number of staff deployed, multiplied by number of factors, such as service scope and standards, service quality requirements and profit margins. From time to time, areas that require property management services would not be set out in the property management service agreement to reflect the scope of services. In such case, according to CIA, property management fees are usually determined based on the number of staff required to be deployed for provision of property management services for such non-residential property. In contrast, the commission model is increasingly adopted for non-residential properties. The commission model allows property owners to exercise their own rights. It increases the financial transparency of the process of property management, alleviating the conflicts between property management companies and property owners, highly advancing the marketisation process of the property management industry.

The following chart sets out the average property management fees rate for residential properties in top 20 cities in the PRC during the period indicated.

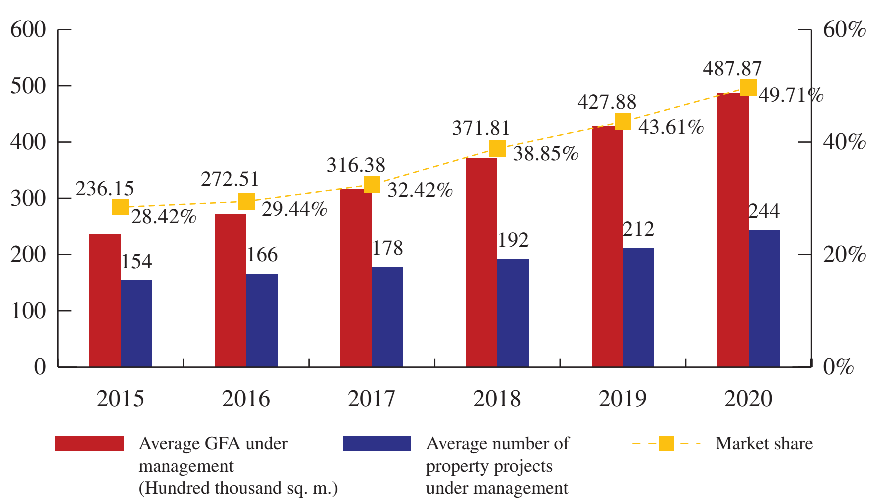


Note: Top 20 cities in the PRC are Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Wuhan, Chongqing, Nanjing, Hangzhou, Chengdu, Changsha, Changzhou, Kunming, Ningbo, Qingdao, Suzhou, Wuxi, Jinan, Hefei and Nanchang.

Overview of the Top 100 Property Management Companies

In recent years, following the rapid urbanisation and continuous growth in per capita disposable income, the GFA and number of property projects managed by the Top 100 Property Management Companies have increased rapidly. The GFA under management of the Top 100 Property Management Companies increased to approximately 48.78 million sq.m. in 2020 from approximately 23.62 million sq.m. in 2015, representing a CAGR of approximately 15.62%. The average number of property projects managed by the Top 100 Property Management Companies increased to 244 in 2020 from 154 in 2015, representing a CAGR of approximately 9.64%.

The following chart presents the rise in average GFA under management, average number of property projects under management and market share for the Top 100 Property Management Companies in the years indicated:

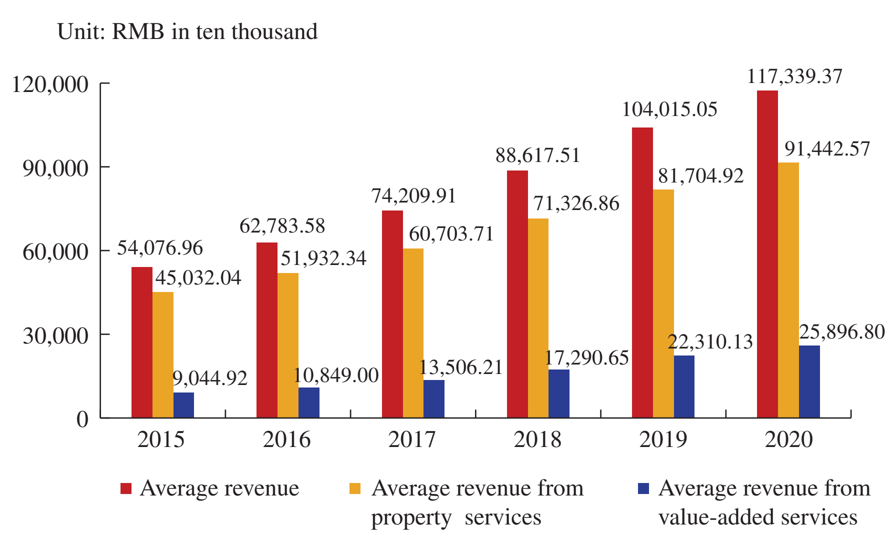


Source: CIA

Corresponding to the growth in GFA and number of property projects under management and consistent efforts in diversified operations, the average annual revenue of the Top 100 Property Management Companies increased to approximately RMB1,173.39 million in 2020 from approximately RMB540.77 million in 2015, representing a CAGR of approximately 16.76%.

Under the trend of transformation and upgrading of property management companies to sophisticated and specialised service integrators, property management companies will gradually outsource traditional property management services to more specialised companies, focusing more on customer experience and service quality, constantly introducing the concepts of "steward service", "one-stop service" and "all-round service" to meet the needs of property owners and residents. In 2020, the average annual revenue derived from property management services of the Top 100 Property Management Companies was approximately RMB914.43 million, representing a year-on-year increase of approximately 11.92%, with a CAGR of approximately 15.22% from 2015 to 2020. On the other hand, the average revenue derived from diversified operations of the Top 100 Property Management Companies in 2020 reached approximately RMB258.97 million, representing a year-on-year increase of approximately 16.08%, with a CAGR of approximately 23.42% from 2015 to 2020.

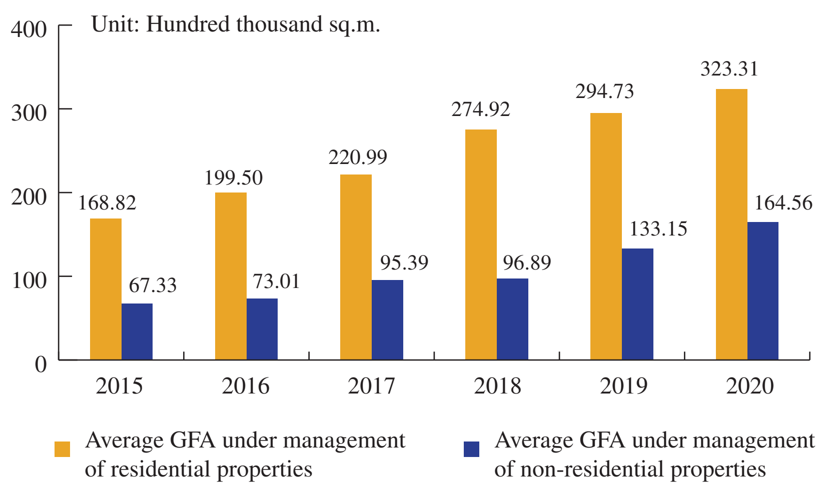
The following chart presents the rise in average revenue derived from property services and value-added services of the Top 100 Property Management Companies in the years indicated:



Over a long time in the past, due to the natural affiliated relationship between property management companies and property development companies, property management services are generally undertaken by the property management companies which are subordinated companies of the property development companies for the purpose of convenient and immediate communications and resolution of subsequent property maintenance and repairing and other issues. Therefore, compared with independent and market-oriented property management companies, property management companies with developer background are more advantageous in the market when undertaking parent company's projects. According to CIA, in 2020, over 70% of the 2020 Top 100 Property Management Companies had property development background, among which over 50% of their respective GFA under management are sourced from their affiliated property developers.

According to CIA, the geographical coverage of the Top 100 Property Management Companies has also been expanding in the recent years. In 2020, the number of cities in which the Top 100 Property Management Companies had operations increased to 34, representing an increase of seven cities as compared with 2015.

Among the properties under management, residential properties continue to be the dominant type of property. However, the Top 100 Property Management Companies have accelerated the market expansion of non-residential properties in recent years due to many advantages such as huge market potential, high average price of property management fees, high collection rate and easier price increase when compared to residential properties. The chart below sets out the average GFA under management of residential properties and non-residential properties managed by the Top 100 Property Management Companies in the years indicated:



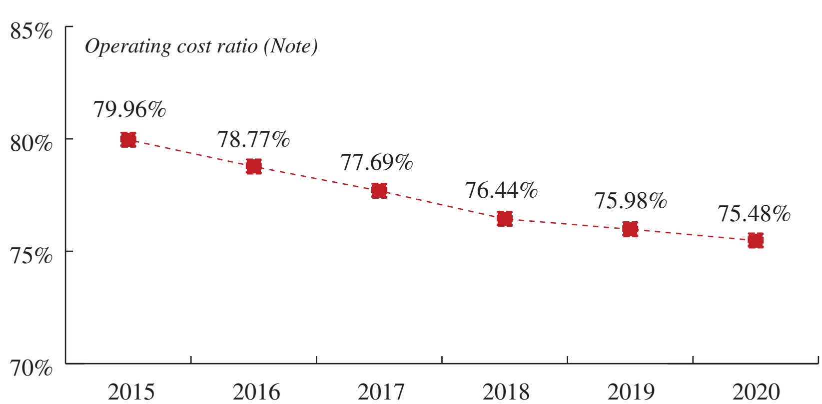
Source: CIA

According to CIA, given (i) more costs are generally incurred for maintenance of facilities in non-residential properties; (ii) entry barrier for providing property management services for non-residential properties are generally higher than those for residential properties (please refer to the paragraph headed "Entry barriers" in this section below); and (iii) there are more governmental restrictions imposed on the property management fees for residential properties in the PRC, the industry's average monthly property management fees for residential properties are generally lower than non-residential properties, in particular those featuring contemporary facilities. The following table sets out the average monthly property management fees rates of the Top 100 Property Management Companies in China (in RMB per sq.m. per month) for residential and different types of non-residential properties between 2016 and 2020:

	Residential property	Non-residential property							
Year		Commercial premises	Office premises	Public premises	Industrial park premises	School premises	Hospital premises	Other types of properties	Overall non-residential properties *(Note)*
2016	2.31	7.04	7.86	3.76	5.63	3.38	6.87	5.99	6.29
2017	2.30	7.02	7.88	3.78	3.64	3.41	6.88	5.98	6.28
2018	2.25	7.01	7.84	3.72	3.61	3.58	6.84	5.92	5.92
2019	2.09	6.28	6.99	3.38	3.31	3.25	6.22	4.02	5.15
2020	2.05	6.23	6.93	3.41	3.29	3.26	6.24	3.02	4.99

Note: Represents the average of monthly property management fees rate of the Top 100 Property Management Companies for various types of non-residential properties, including commercial premises, office premises etc..

In the cost-constrained market environment, the Top 100 Property Management Companies reduce labour costs by outsourcing basic property management operations, optimise and transform property management services by adoption of technology, adopt energy-saving and environmental protection measures and closely monitor and control of equipment use. Such measures allowed the Top 100 Property Management Companies to reduce the costs incurred in equipment operation and maintenance, and promote the steady growth of per capita output value and per capita area under management. The graph below illustrates the changes of operating cost ratio of the Top 100 Property Management Companies during the period indicated:



Source: CIA

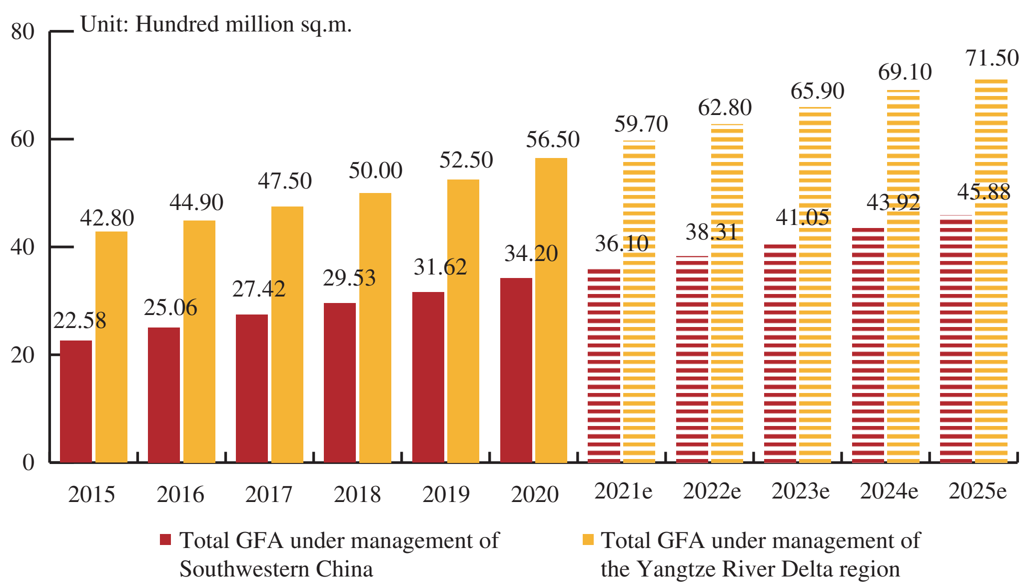
Note: Operating cost ratio represents operating cost divided by revenue of property management companies.

The Top 100 Property Management Companies have benefited from economies of scale and also become increasingly profitable. The average net profits for the Top 100 Property Management Companies increased from approximately RMB39.17 million in 2015 to approximately RMB104.55 million in 2020, representing a CAGR of approximately 21.70%.

Overview of property management industry in Southwestern China and Yangtze River Delta region

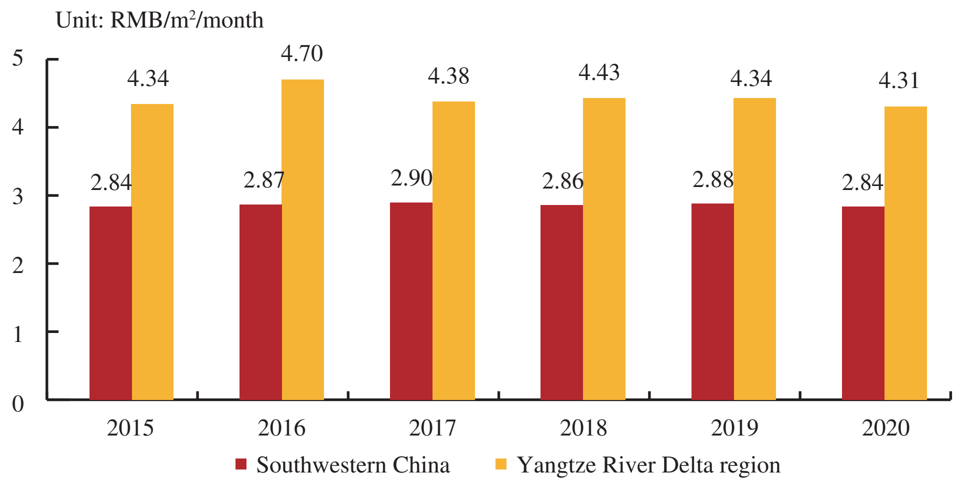
The market size in terms of total GFA under management in Southwestern China increased from approximately 2.26 billion sq.m. in 2015 to approximately 3.42 billion sq.m. in 2020, representing a CAGR of approximately 8.66%. The total GFA under management of the property management industry in Yangtze River Delta Region increased from approximately 4.28 billion sq.m. in 2015 to approximately 5.65 billion sq.m. in 2020, representing a CAGR of approximately 7.62%. According to the forecast of CIA, the total GFA under management in Southwestern China and Yangtze River Delta Region will reach approximately 4.59 billion sq.m. and 7.15 billion sq.m. in 2025, respectively.

The total GFA under management of the property management industry in Southwestern China and Yangyze River Delta Region, 2015-2025E



Source: CIA

According to CIA, the average monthly property management fees of the Top 100 Property Management Companies in Southwestern China were approximately RMB2.84 per sq.m., RMB2.87 per sq.m., RMB2.90 per sq.m., RMB2.86 per sq.m., RMB2.88 per sq.m and RMB2.84 per sq.m., respectively, from 2015 to 2020. The average monthly property management fees of the Top 100 Property Management Companies in Yangtze River Delta Region were approximately RMB4.34 per sq.m., RMB4.70 per sq.m., RMB4.38 per sq.m., RMB4.43 per sq.m., RMB4.34 per sq.m. and RMB4.31 per sq.m., respectively, from 2015 to 2020. The following chart presents the average monthly property management fees of the Top 100 Property Management Companies in Southwestern China and Yangtze River Delta region between 2015 and 2020.



Source: CIA

GROWTH DRIVERS OF PRC PROPERTY MANAGEMENT INDUSTRY

Favourable policies for the property management industry

Introduction of favourable laws, regulations and policies serves as a critical foundation for the health and growth of China's property management industry. The promulgation of the Regulations on Property Management (《物業管理條例》) in 2003 by the State Council was a milestone in the regulatory history of the PRC property management industry. Subsequently, a series of favourable policies supporting the development of the property management industry have come into effect, including (i) the Circular of the NDRC 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》) which was issued in December 2014 and requires provincial level price administration authorities to abolish all price control or guidance policies on non-government supported properties other than government-supported housing, housing reform properties, properties in old residential areas and preliminary property management services; (ii) the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Service Industry to Promote the Upgrade 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》) ("**Standardisation Guidance Opinion**") which was issued in November 2015 and aimed to further standardise the provision of property management services as part of the industrial upgrade and diversification of the resident service sectors; and (iii) the Civil Code of the PRC (《中華人民共和國民法典》) which was promulgated in May 2020 and aimed to further clarify, among others, the rights and obligations of property owners and property management service providers and enhance efficiency of voting of property owners in relation to property management matters.

Apart from favourable policies for the property management industry on national level, local governments of Southwestern China, Yangtze River Delta region and Central China region also introduced various laws, regulations and policies which supported the growth of local property management industry. The promulgation of Chongqing City Regulations on Property Management (Amendment) (《重慶市物業管理條例(修訂草案)》) in 2019 standardised property management district adjustments, stipulates the process of property inspection, legal effects of inspection agreements, requirement for regular disclosure by property service companies and property owners' committee of information on revenue and expenses. Between 2019 and 2020, local government of Chongqing City, Sichuan Province, Jiangsu Province promulgated relevant property management enterprises information management measures (such as 《物業服務企業信用信息管理辦法》 and 《物業服務企業信用評價管理辦法》), which introduced the credit ranking system of property management companies and standardised service standard of property management companies. Such policies provides guidance to property management companies to improve their service quality, achieve better development, and promote a shift of regulations and supervision by government authorities to market supervision which would unleash industry vitality and potential.

The favourable policies also encourage the development of smart communities. The Guidelines for Smart Communities Construction (Trial) (《智慧社區建設指南(試行)》) issued in 2014 by the MOHURD encourage an upgrade of traditional property management services through digitisation and smart management. It broadens the scope of property management services and brings more prospects for the property management industry. In August 2014, the NDRC released the Guiding Opinion on the Promotion of the Healthy Development of Smart Cities (《關於促進智慧城市健康發展的指導意見》) which laid out a comprehensive plan for the development of smart cities in the PRC. In December 2018, the NDRC promulgated the Notice on Continuing to Evaluate the Development of New Smart Cities and Further Promoting the Rapid and Healthy Development of New Smart Cities (《關於繼續開展新型智慧城市建設評價工作深入推動新型智慧城市健康快速發展的通知》). In December 2020, the MOHURD, together with five other government authorities, jointly issued the Opinions on Promoting Property Service Enterprises to Accelerate the Development of On-Line and Off-Line Life Services (《關於推動物業服務企業加快發展線上線下生活服務的意見》). Pursuant to which, the future property management industry will mainly focus on building a smart property management service platform, universal data collection, promoting property management intelligence, integrating on and off-line services, etc..

In January 2021, the MOHURD, together with nine other government authorities, jointly issued the Property Management Notice which emphasises aspects of enhancing residential property management include, among others, improving the structure of property owners' association, improving the level of property management services, promoting the development of community services, and regulating the use and management of maintenance funds to strengthen the supervision and management of property services. Other relevant government authorities also promulgated detailed policies related to the various aspects of developing smart cities. These policies provide comprehensive policy support and clear guidance on smart city development for property management companies in the PRC. Please refer to the section headed "Regulatory overview" in this prospectus for further information of the laws and regulations in relation to the property management industry in the PRC.

In July 2021, the MOHURD, together with eight other government authorities, jointly issued the Continuous Improvement Notice. This notice accelerates the development of the property management industry and promotes high-quality property management services. CIA is of the view that:

(a) the Continuous Improvement Notice emphasises on standardising specific operational-related regulations set out in the Civil Code of the PRC, the Regulations on Property Management and other provisions;

(b) the issuance of the Continuous Improvement Notice focuses on (i) improving systems and mechanisms; and (ii) standardising market order, which helps to resolve existing problems and issues in the property management industry in the PRC;

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

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

Growth in demand for property management services

Since 1949, there had been three peaks of population growth. People who were born in the third population peak have reached 32 to 40 years old in 2020, and this age group has strong demand for properties as their first home or their upgraded house, which in turn drives the growth of the related property management industry. The level of urbanisation in the PRC has increased continuously in recent years and is also the underlying driver for the growth of the property management industry. According to CIA, the urbanisation rate (being the projected average rate of the size of the urban population during a given period) in the PRC increased from 33.40% in 1998 to 63.89% in 2020, with the urban population increasing by approximately 22.07 million on average each year. Disposable income of urban residents has also steadily increased to approximately RMB43,834 per capita in 2020 from approximately RMB17,175 per capita in 2009, representing a CAGR of approximately 8.89% from 2009, driving their increasing demand for quality property management services, and creating growth opportunities for property management companies.

Growth in supply in commodity properties

Over the past two decades, driven by rapid economic development, loosen monetary environment and strong demand, the real estate market has experienced rapid growth. In 2020, the cumulative contracted sales GFA of commodity properties was approximately 9.45 times of that in 2000, reaching approximately 1.76 billion sq.m. which was increased from approximately 1.29 billion sq.m. in 2015, representing a CAGR of approximately 6.51%. The total GFA of the newly constructed commodity properties increased from approximately 1.54 billion sq.m. in 2015 to approximately 2.24 billion sq.m. in 2020, representing a CAGR of approximately 7.76%. The consistently increasing growth in the real estate market has created good opportunities for the development of the property management industry.

Rapid development in capital market

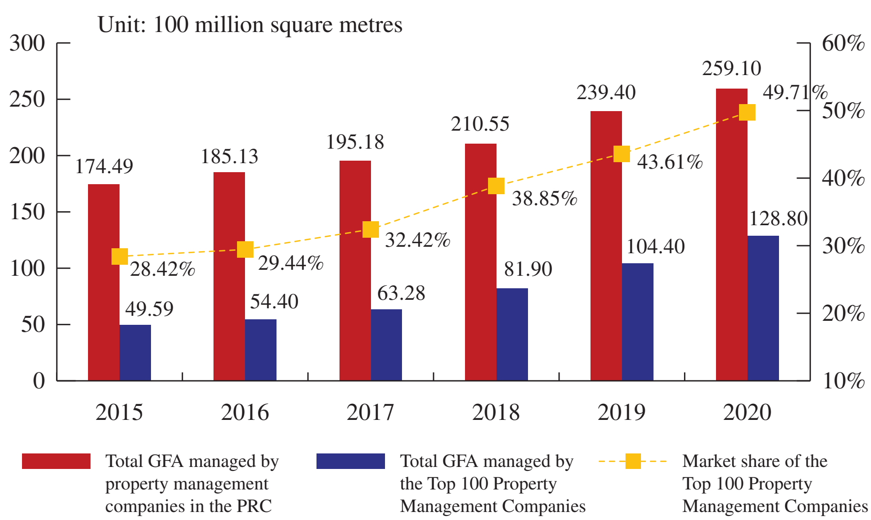
As at 31 December 2020, 38 companies, which principally provide property management services in the PRC, were listed on the Stock Exchange. During 2020, there were 17 companies, which principally provide property management services in the PRC, newly listed on the Stock Exchange. These companies, being competitors of our Group, are looking for property management companies as acquisition targets in the PRC around the same time as part of their strategies. These companies intend to use approximately 60-70% of the net proceeds obtained by them through offer of their respective shares upon listing on the Stock Exchange for merger and acquisitions of property management companies. Through merger and acquisitions, with target companies having already established certain presence in the locations that they operate at, these listed companies would be able to increase the GFA under their management, as well as achieve geographical expansion effectively and efficiently since they do not need to contribute as much costs, as compared to setting up new companies at new locations from scratch. Thus, acquisition of property management companies in the PRC is one of the main business strategies for Hong Kong-listed property management companies that operate in the PRC.

As we may compete with our peers when we identify suitable opportunities, we may not be able to complete acquisition(s) on terms favourable or acceptable to us, in a timely manner, or at all, or materialise our acquisition plan. Please refer to the section headed "Risk factors – Risks relating to our business and industry – Our future acquisitions or investment in other companies may not be successful and we may face difficulties in targeting acquired operations with our existing business" in this prospectus for risk relating to our strategy of acquiring property management companies.

MARKET TRENDS IN THE PRC PROPERTY MANAGEMENT INDUSTRY

Increased market concentration, competition, and expanding business scale

After decades of development, some of the Top 100 Property Management Companies have accelerated their service innovation and business expansion. In addition, the property management market continues to become more concentrated. In the fragmented and competitive property management industry, large-scale property management companies realise economies of scale. The chart below sets out the total GFA managed by property management companies in the PRC, the total GFA managed by the Top 100 Property Management Companies and the aggregate market share of the Top 100 Property Management Companies in terms of the total GFA managed for the years indicated.



Source: CIA

Increasing adoption of intelligent technology in business and diversified services

With the aid of information technologies such as cloud application, e-commerce, Internet of Things, big data and artificial intelligence, many property management companies reduced labour costs and enhanced profitability. For example, artificial intelligence technologies such as smart entrance pass, smart building management, smart energy management, patrol robots, delivery robots and consultancy robots largely reduced the labour costs of property management companies. In addition, by adopting service platforms such as WeChat accounts and mobile applications, property management companies could effectively integrate and allocate resources to provide diversified community value-added services, establish comprehensive community service platforms and further expand their community value-added services to common space management, community finance, property agency, e-commerce, housekeeping, etc.. According to CIA, the Top 100 Property Management Companies have continuously developed their value-added services, in particular, dedicating more resources to innovate services models, providing different community products and services, and improving the quality and variety of value-added services. The average revenue generated from diversified services among Top 100 Property Management Companies increased by approximately 16.08% in 2020, which is higher than that of traditional property management services, being approximately 11.92% for the same period. With the extensive adoption of intelligent technology and data digitalisation, the revenue generated from value-added services increasingly becomes an important source of revenue for property management companies.

With the integration of intelligent technology into the property management industry, applications of intelligent technology has entered the standardisation period. For example, local provinces and cities, such as Hangzhou, have amended Regulations on Property Management (《物業管理條例》) to regularise the protection of property owners' personal information. Such amendments in regulations help to standardise the development of intellectualisation of the industry and promote self-regulation and standardisation in the industry to construct a foundation for healthy and long-term development of the industry. Property management companies should strictly comply with the relevant national and regional laws and regulations and adhere to the security baseline of using facial recognition and other biometric recognition techniques and safeguard the personal interests of property owners, which can help avoid unnecessary legal and operation risks, while realising the supportive contribution of business and services by intelligent technology.

Increasing demand for professional staff

On the one hand, with the rapid technology developments, the property management companies need to recruit more qualified professional talents with management and technological skills. On the other hand, with the directive trend of transforming and upgrading property management companies towards professional and integrated service providers, property management companies also increasingly outsource labour-intensive aspects of their operations such as cleaning, greening and security to third-party subcontractors while placing greater emphasis on recruiting and training professional and skilled employees to improve the property service quality and meet the residents' demands.

Increasing support from capital markets

The development of capital markets continues to heat up. There are increasing number of property management companies participate in capital markets to expand their financing channels. After listing, these listed property management companies are able to increase their investment in technology innovation, build up more intelligent platforms, strengthen their cooperation with other industry participants, improve service quality and increase operational efficiency. In addition, diversified capital sources enable the property management companies to accelerate selective and strategic mergers and acquisitions, and to further expand their scale of business.

Diversifying revenue sources through multiple channels

With the widespread adoption of the Internet, cloud computing, artificial intelligence, and other related technologies, along with policy support from the PRC government, property management companies increasingly engage in developing intelligent and smart management systems. Integrating online and offline information and resources, they aim to digitalise, automate, modernise and connect their various services and provide a one-stop service platform to property owners, residents and tenants. Property management companies also keep diversifying their revenue streams by offering various value-added services with a higher profitability. These mainly include pre-delivery services and consultancy services to property developers and community value-added service to property owners and residents, such as community living services, e-commerce services, property value management services and other various bespoke services.

Increasing standardisation of services

Standardisation allows property management companies to improve their service quality, and is the foundation for the sustainable expansion of business operations across regions. The Standardisation Guidance Opinion was issued in November 2015 to introduce the idea of standardising the property management services. Many of the Top 100 Property Management Companies in the PRC have established internal standardised operating procedures to guide their provision of services.

Information technology has played an increasingly important role in property management services in recent years. Property management companies use information technology to implement technological solutions for automating key business operations. Technological solutions can minimise human error and allow property management companies to consistently apply their standardised procedures and quality standards. In turn, this reduces their reliance on manual labour and therefore the costs involved in hiring employees and third-party subcontractors. Furthermore, centralised information technology enables property management companies to monitor the administrative and financial business operations of their branches, subsidiaries and offices, as well as ensure that they are consistently applying the company's policies, procedures and quality standards.

Impact of the outbreak of COVID-19

According to CIA, due to the outbreak of COVID-19 in the PRC since the end of 2019, the PRC real estate market has experienced a downward trend in the short term due to the overall slowing real estate market development and postponed delivery of property projects. As such, the outbreak of COVID-19 is expected to result in delays in the property delivery in the near term. However, according to CIA, it will also present opportunities for property management companies. For example, (i) property management companies are more capable to meet the higher demand of products and services quality in light of the outbreak of COVID-19 especially to promote the health and well-being of property residents, which enable them to receive positive recognition and enhance the satisfaction and loyalty of customers, further to increase the property management fees collection rate; (ii) property management companies, which mostly have developed their own mobile applications or online service platforms, can better adapt to challenges and increase earnings and profitability such as taking initiatives to enhance the functionality of such online service platform and roll out new online products and services based on the needs of managed community; (iii) driven by the need of community services, old residential communities without property management services will seek and entrust property management companies to provide necessary community services; and (iv) since the outbreak of COVID-19, a series of policies have been enacted to support property management companies, including, among others, extension of social insurance contribution period, reduction of taxes, relaxation of financing constraints, reduction of corporate financing costs, increase in government grant. These policies and measures jointly create a supportive and orderly environment and accelerate the development of the industry and property management companies in the PRC. As a result, according to CIA, the property management industry in China is expected to continue its stable growth even after taking into account the outbreak of COVID-19.

Industry risks

According to CIA, the risks faced by the property management industry in the PRC mainly include:

- *Increasing labour costs.* The property management industry in the PRC is labour-intensive. The percentage of staff cost to cost of services of the Top 100 Property Management Companies was approximately 57.84%, 59.09% and 58.32% for the three years ended 31 December 2020, respectively, according to CIA. The minimum wage in various regions has increased in recent years. In addition, the market share of the Top 100 Property Management Companies in terms of total GFA managed increased to 49.71%, representing an increase of 6.10 percentage points period-to-period. The Top 100 Property Management Companies need to recruit more staff to expand their property management scale and thus are expected to pay increasing staff salaries and benefits, as well as relevant training and management expenses.

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

- *Cost control risk.* At present, in the property management industry, the industry norm for pricing policy is having the property management fee mainly being charged on lump sum basis per property project (regardless of whether they are property projects with GFA specified in the property management service agreements, or property projects without GFA specified in the property management service agreements but to be charged based on the number of staff utilised), after payment of which, any profit or loss will be shared or undertaken by the property management companies. When the property management fees charged by property management companies are not enough to cover all property management service costs incurred, the property management companies will suffer losses.

- *Concentration of source of property projects.* A majority of the top property management companies in China are subsidiaries or related enterprises of property developers. Such equity relations help property management companies obtain a stable source of property projects. However, if property developers slower their business development or select and appoint other property management companies for management of their newly-developed properties in the future, this may affect the expansion of property management area and revenue growth of the property management companies.

- *Merger and acquisition risks.* In recent years, mergers have been a popular expansion strategy in the property management industry. Through acquisition or merger, property management companies can expand their scale so as to promote improvement of their operating results and profitability. Acquisition or merger will bring about a large amount of project resources in short time, but the acquired or merged company and the target company may differ in terms of corporate culture, quality and ability of management personnel and management team, as well as management approaches, which may affect the overall management level and thereby prevent the property management company from high-quality development. In addition, upon completion of the acquisition or merger, lack of effective measures to achieve complementation in terms of human resources, finance and property, as well as organic integration of resources will increase operational risks of the property management company and aggravate its operational burden.

For more information on industry related risks, please refer to the section headed "Risk factors – Risks relating to our business and industry" in this prospectus.

COMPETITION

Competitive landscape

The property management industry in the PRC is fragmented and competitive with approximately 200,000 property management companies in 2020 according to CIA. Our property management services mainly compete against large national, regional and local property management companies. Our value-added services mainly compete against other property management companies as well as relevant industry participants providing similar services.

Our competitive position among the Top 100 Property Management Companies

According to CIA, in 2021, we were ranked the 52nd and 53rd among the "2021 Top 100 Property Management Companies in China" (2021中國物業服務百強企業) in terms of total revenue generated in the PRC in 2020 and total GFA under management in the PRC in 2020, respectively. We were recognised as one of the Top 100 Property Management Companies for 10 consecutive years from 2012. In 2020, our revenue increased by approximately 37.14%, as compared to that of the previous year, which was higher than the average revenue growth of the Top 100 Property Management Companies for the same period (being approximately 12.81%), mainly due to increase in revenue derived from each of our business segments.

Our competitive position in the Yangtze River Delta Region and Southwestern China

According to CIA, in 2021, we were ranked the 5th among the Top 100 Property Management Companies headquartered in Southwestern China and the 9th among the Top 100 Property Management Companies headquartered in the Yangtze River Delta region of the PRC in terms of overall strength[1].

According to CIA, in 2020, our GFA under management increased by approximately 77.38%, as compared to that of the previous year, which is the third highest growth rate among the Top 100 Property Management Companies headquartered in Southwestern China and the second highest growth rate among the Top 100 Property Management Companies headquartered in the Yangtze River Delta region of the PRC. As we have not obtained consent from these market players to disclose their identities in this prospectus and, as advised by CIA, it is subject to confidentiality obligations to these market players with respect to the underlying data and information used to calculate the market share of each market player, we set out below a description of their background information instead.

1. Each year CIA publishes the "Top 100 Property Management Companies in China" in terms of overall strength based on the data from past five years on key factors such as, among others, management scale, operational performance, service quality, social responsibility, and growth potential in the next three years of the property management companies under consideration.

Our ranking among the Top 100 Property Management Companies headquartered in Southwestern China in terms of growth rate in 2020

Rank	Property management company	Growth rate of GFA under management *(%)*	Company's information	Listing status	Year of establishment	Place of operation	GFA under management in 2020 *(million sq.m)*
1.	Company A	Approximately 112	A property management company headquartered in Chengdu with principal business activities in Sichuan province, Southwestern China and Central China	Not listed	2019	The PRC	10.9
2.	Company B	Over 81	A property management company headquartered in Chengdu with principal business activities in Eastern China, Southern China, Central China, Northern China, Southwestern China and Sichuan province	Delisted from the Main Board[Note]	2000	The PRC	129.9
3.	**Our Group**	**77.38**					**21.1**
4.	Company C	Approximately 69	A property management company headquartered in Chengdu principally engaged in the provision of property management services for commercial properties in Changchun of Jilin province and Chengdu of Sichuan province	Not listed	2004	The PRC	2.9
5.	Company D	Approximately 57	A company principally engaged in the provision of community services in metropolitan areas and urban cities of the PRC, headquartered in Chengdu and with principal business activities in Chengdu and Chongqing urban agglomeration and Eastern China, with market capitalisation of approximately HK$1,802 million as at 11 February 2022	Listed on the Main Board in 2021	2020	The PRC	10.2

Note: Company B had been acquired by a separate listed company in 2021.

Our ranking among the Top 100 Property Management Companies headquartered in the Yangtze River Delta region in terms of growth rate in 2020

Rank	Property management company	Growth rate of GFA under management *(%)*	Company's information	Listing status	Year of establishment	Place of operation	GFA under management in 2020 *(million sq.m)*
1.	Company G	Approximately 80	A fast-growing comprehensive property management service provider headquartered in Shanghai with principal business activities in Yangtze River Delta region, west coast region, Central and Western China and Bohai Sea rim region, with market capitalisation of approximately HK$3,712 million as at 11 February 2022	Listed on the Main Board in 2020	2018	The PRC	41.3
2.	**Our Group**	**77.38**					**21.1**
3.	Company H	Over 71	A company headquartered in Nanjing, principally engaged in the provision of community services in Jiangsu province, with market capitalisation of approximately HK$1,567 million as at 11 February 2022	Listed on the Main Board in 2020	2019	The PRC	27.0
4.	Company I	Over 68	A property management company headquartered in Shanghai with principal business activities in Yangtze River Delta region (especially in Jiangsu province), Central and Western China and Bohai Sea rim region, with market capitalisation of approximately HK$13,338 million as at 11 February 2022	Listed on the Main Board in 2018	2018	The PRC	101.4
5.	Company J	Over 60	A company principally engaged in the provision of community services headquartered in Shanghai with principal business activities in major cities in Yangtze River Delta region, Eastern China, Southwestern China. Its projects covered residential districts, villas, commercial districts, schools, industrial parks, etc.	Not listed	2006	The PRC	4.6

According to CIA, in 2020, our revenue from diversified operations accounted for approximately 54.44% of our total revenue, which is the second highest among the Top 100 Property Management Companies headquartered in Southwestern China and the third largest among the Top 100 Property Management Companies headquartered in the Yangtze River Delta region of the PRC. As we have not obtained consent from these market players to disclose their identities in this prospectus and, as advised by CIA, it is subject to confidentiality obligations to these market players with respect to the underlying data and information used to calculate the market share of each market player, we set out below a description of their background information instead.

Our ranking among the Top 100 Property Management Companies headquartered in Southwestern China in terms of proportion of revenue from diversified operations to total revenue in 2020

Rank	Property management company	Proportion of revenue from diversified operations to total revenue *(%)*	Company's information	Listing status	Year of establishment	Place of operation	GFA under management in 2020 *(million sq.m)*
1.	Company D	Approximately 68	A company principally engaged in the provision of community services in metropolitan areas and urban cities of the PRC, headquartered in Chengdu and with principal business activities in Chengdu and Chongqing urban agglomeration and Eastern China, with market capitalisation of approximately HK$1,802 million as at 11 February 2022	Listed on the Main Board in 2021	2020	The PRC	10.2
2.	**Our Group**	**54.44**					**21.1**
3.	Company E	Approximately 49	A property management company headquartered in Guiyang, principally engaged in the provision of property management services, city management services, business operation management services and ecological management services	Not listed	2004	The PRC	19.6

Rank	Property management company	Proportion of revenue from diversified operations to total revenue (%)	Company's information	Listing status	Year of establishment	Place of operation	GFA under management in 2020 (million sq.m)
4.	Company B	Approximately 45	A property management company headquartered in Chengdu with principal business activities in Eastern China, Southern China, Central China, Northern China, Southwestern China and Sichuan province	Delisted from the Main Board[Note]	2000	The PRC	129.9
5.	Company F	Approximately 40	A comprehensive property management service provider headquartered in Chongqing and principally engaged in the provision of smart property management services in Southwestern China, Eastern China and Southern China, with market capitalisation of approximately HK$25,311 million as at 11 February 2022	Listed on the Main Board in 2020	2000	The PRC	156.2

Note: Company B had been acquired by a separate listed company in 2021.

Our ranking among the Top 100 Property Management Companies headquartered in the Yangtze River Delta region in terms of proportion of revenue from diversified operations to total revenue in 2020

Rank	Property management company	Proportion of revenue from diversified operations to total revenue *(%)*	Company's information	Listing status	Year of establishment	Place of operation	GFA under management in 2020 *(million sq.m)*
1.	Company I	Over 56	A fast-growing property management company headquartered in Shanghai with principal business activities in Yangtze River Delta region (especially in Jiangsu province), Central and Western China and Bohai Sea rim region, with market capitalisation of approximately HK$13,338 million as at 11 February 2022	Listed on the Main Board in 2018	2018	The PRC	101.4
2.	Company G	Approximately 56	A fast-growing comprehensive property management service provider headquartered in Shanghai with principal business activities in Yangtze River Delta region, west coast region, Central and Western China and Bohai Sea rim region, with market capitalisation of approximately HK$3,712 million as at 11 February 2022	Listed on the Main Board in 2020	2018	The PRC	41.3
3.	**Our Group**	**54.44**					**21.1**
4.	Company K	Over 51	A fast-growing comprehensive property management company headquartered in Shanghai with core market in Haixi region and Yangtze River Delta region, with market capitalisation of approximately HK$2,494 million as at 11 February 2022	Listed on the Main Board in 2021	2020	The PRC	19.9
5.	Company L	Approximately 50	A comprehensive property management service provider headquartered in Hangzhou with principal business activities in Zhejiang province, pan-Yangtze River Delta region, which has high growth potential in other cities	Not listed	2000	The PRC	18.4

ENTRY BARRIERS

According to CIA, entry barriers for the property management industry in the PRC mainly include:

1. *Brand:* Brand reputation is key to the development and expansion of property management companies. With the intensified competition in the market and the higher consumption quality of households, consumers are demanding higher quality property management services. Therefore, brand reputation has become an entry barrier in the industry as consumers believe that good brand reputation represents long operating history, high service quality accompanied with reasonable fees. In contrast, newer entrants without an established brand and cultivated business relationships with industry participants would face greater challenges when penetrating into the market.

2. *Capital requirement:* Due to expansion of business scale, property management companies are increasingly inclined to adopt automated and artificial intelligent technologies. Companies are replacing intensive manual labour tasks with intelligent management systems and equipment, introducing corporate information management systems, and promoting "smart communities". Management efficiency has improved and the industry is moving towards a technology-driven industry. This will further increase the capital threshold for new entrants in the property management industry. In particular, more capital would be required for the provision of property management services for non-residential properties as compared to residential properties since non-residential properties featuring complementary facilities consume more electricity and water generally, and facilities in such properties require maintenance more frequently.

3. *Quality of management:* As the property management industry becomes increasingly competitive, experience and capabilities of core management members of industry players play a critical role in maintaining core competitiveness of property management companies. In particular, property owners and tenants of non-residential properties featuring contemporary facilities generally have higher expectations in the quality of property management services to be provided by property management companies, and generally prefer to engage more established property management companies. In addition, non-residential properties involve a wider range of properties, including schools, commercial buildings and hospitals, which require different management skills and pose greater challenges for property management companies. Therefore, it is expected that core management members of property management companies that provide property management services to non-residential properties, especially those featuring contemporary facilities, will need to be more experienced than those for residential properties. Established property management companies typically have developed their unique management competencies in terms of property management procedures, application of information systems, and financial management, and are therefore better positioned to manage larger properties or projects.

4. *Talent specialisation and technical expertise:* Property management depends on manual labour, not only for the performance of property management services but also for implementing and innovating technological solutions such as big data and internet technologies. In addition, the innovation of property management business models, especially the launch of value-added services to property owners and property developers, requires significant support from talented employees. It is increasingly difficult for property management companies to recruit and retain talented individuals who possess up-to-date knowledge in relation to information technology in the industry to help achieve the above-mentioned goals.

DIRECTORS' CONFIRMATION

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

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

LEGAL SUPERVISION OVER PROPERTY MANAGEMENT SERVICES

Regulations on foreign investment access

In accordance with the Foreign Investment Law of the PRC (the "**Foreign Investment Law**" 《中華人民共和國外商投資法》), adopted by the NPC on 15 March 2019 and became effective on 1 January 2020, 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 (as defined below).

In accordance with the Special Administrative Measures (Negative List) for the Access of Foreign Investment (Edition 2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) jointly issued by the NDRC and the MOFCOM on 27 December 2021 and became effective on 1 January 2022 (the "**Negative List**"), the property management industry is an industry that allows foreign investors to make investments.

Qualification of property management companies

As we are primarily engaged in the provision of property management services, the following laws and regulations affect our businesses.

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

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

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

According to the Decision of the State Council on Canceling a Group of Administrative Licensing Items (《國務院關於取消一批行政許可事項的決定》), which was promulgated by the State Council on 22 September 2017 and came into effect on the same day, the examination and approval of Level 1 qualification of property management companies was cancelled.

In accordance with the Notice of the General Office of the MOHURD on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Management Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》) (issued on 15 December 2017 and taking effect on the same day), application, qualification change, renewal or re-application of the qualifications of property management companies shall not be accepted, and the qualifications obtained already shall not be a requirement in any way for property management companies to undertake new property projects.

Procedures to convene a general meeting of property owners and establish a property owners' association

As we are engaged in the provision of property management services involving the convening and establishment of property owners' meetings, the following laws and regulations affect our businesses.

According to the Regulations on Property Management (《物業管理條例》), the property owners within a single property management area shall, under the direction of street office or township people's government or the real estate administration department of the county or district people's government where the relevant real estate is situated, convene a general meeting of property owners and elect a property owners' association. However, where there is only one property owner or where there are relatively few property owners and they are all in agreement, the property owners(s) may choose not to convene a general meeting of property owners, in which case the functions assigned to both a general meeting of property owners and property owners' association shall be performed by the property owner(s). The Notice on Publication of Guidance Rules of the Owners' Assembly and the Owners' association (關於印發《業主大會和業主委員會指導規則》的通知) (JF[2009] No. 274) (promulgated by MOHURD on 1 December 2009, which came into effect on 1 January 2010) provides a practical guideline for the establishment and governance of the general meeting of property owners and property owners' association, and the supervision of the real estate administrative department of the local government. According to the Civil Code, the general meeting of property owners may vote to establish a property owners' association. The property owners' association is elected by the property owners, and represents their interests in matters related to property management, and the property owners' association's decisions are binding on the property owners. Property owners of non-residential properties are not required to establish a property owners' association under the relevant PRC laws and regulations.

Appointment of property management companies

As we are engaged in the provision of property management services involving the appointment of a property management company, the following laws and regulations affect our businesses.

In accordance with the Civil Code of the PRC (《中華人民共和國民法典》, the Civil Law) issued by the NPC on 28 May 2020 and became effective on 1 January 2021, the appointment or dismissal of a property management company should be codetermined by property owners in a property management area. Property owners can either manage the buildings and ancillary facilities by themselves or engage a property management company or other management personnel to manage the buildings and ancillary facilities. The preliminary property management service agreement entered into between property developers and property management service provider in accordance with the laws, and the property management service agreement entered into between the property owners' association and property management service provider appointed at property owners' general meeting, shall be binding on the property owners. The property owners may terminate a property management service agreement after the property owner(s) co-determine to dismiss the property management service provider under legal procedures.

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

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

The preliminary property management service agreement may stipulate the contract duration; however, where the preliminary property management service agreement concluded by the property owners' association and the realty service enterprise takes effect before that duration expires, the preliminary property management service agreement shall be terminated.

In accordance with the Regulations on Property Management and the Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (issued by the Ministry of Construction on 26 June 2003 and taking effect on 1 September 2003), developer of residential buildings and non-residential buildings in the same property management area shall engage property management companies by bid-invitation and bidding. In case where there are less than three bidders or for small-scale properties, the property developer can hire property management companies by agreement with the approval of the real estate administrative department of the local government of the place where the property is located. Where the property developer fails to hire the property management companies through a bid-invitation and bidding process or hire the property management companies by agreement without the approval of relevant government authority, the competent real estate administrative department of the local government at the county level or above shall order it to rectify the situation within a prescribed time limit, issue a warning and impose a penalty of no more than RMB100,000.

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

The Interpretation of the Supreme People's Court on Several Issues Concerning the Applicable Law in the Trial of Cases of Disputes over Property Management Service (《最高人民法院關於審理物業服務糾紛案件適用法律若干問題的解釋》) (issued by the Supreme People's Court on 15 May 2009, taking effect on 1 October 2009, and amended on 29 December 2020, taking effect on 1 January 2021) stipulates the judicial interpretation principles applied by the court when hearing relevant disputes between property owners and property management service providers. Regarding property owners' incompliance with property management service agreement or laws and regulations, management regulations, interference with property management service and management operation, property management service provider's request for the property owners to undertake corresponding civil liability, including ceasing to damage, excluding interference and restoration, shall be supported by the People's Court. Property management service provider's incompliance with property management service agreement, laws and regulations, departmental rules to enlarge the scope of charge without permit, increase the charge standard or charge repeatedly, where the property owners raise a defence that the property management service provider is in violation of the rules, the court shall support such defence.

Fees charged by property management companies

As we are engaged in the provision of property management services involving the fee-charging operations, the following laws and regulations affect our businesses.

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

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

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

In accordance with the Circular of the NDRC 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》), which became effective on 17 December 2014, the commercial housing property services government guidance prices shall be determined by the competent price administration departments of province level with the administrative department in charge of housing urban and rural development.

According to the Measures on the Charges and the relevant local regulations, where property management fees are priced under the government guidance, the competent price government department with pricing authority together with the competent real estate administrative department shall set the benchmark prices and the range of variations depending on factors, such as (i) the specific property type, which may include higher-level apartment buildings with elevators and lower-level apartment building without elevators, (ii) service scope, which may specify different types of services, such as landscaping, repair and maintenance for common areas and elevator maintenance, and (iii) the grading criteria of property management fees, and publish these prices and the range of variations at regular intervals.

In accordance with 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 promulgated jointly by the NDRC and the Ministry of Construction on 19 July 2004 and came into effect on 1 October 2004, property management companies, during their provision of services to the property owners (inclusive of the property service as stipulated in the property management service agreement as well as other services (other than agreed in the property management service agreement) entrusted by property owners), shall charge property management fees at expressly marked prices, and display their service items, pricing standards and other related contents. In case there is any change in the pricing standard, the property management companies shall adjust the related contents displayed and indicate the execution date of new standards at least one month prior to the implementation of the new standards.

In accordance with the Measures 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)》) (jointly issued by the NDRC and the Ministry of Construction on 10 September 2007 and taking effect on 1 October 2007), the government's pricing authorities shall, when formulating or adjusting the charging standards for property management services that are subject to the government guidance prices, carry out the costs supervision and examination on relevant property management companies. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance of public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

According to the Measures on Government Pricing Cost Supervision and Examination (《政府制定價格成本監審辦法》) (issued by the NDRC on 17 January 2006, taking effect on 1 March 2006, and amended on 30 October 2017, taking effect on 1 January 2018), if the pricing authority implements cost supervision and examination, the relevant business operators shall be informed in writing. The operator shall be obliged to provide the information required for the relevant goods or services cost supervision and examination after receiving the notice, and shall be responsible for the truth, validity or completeness of the relevant information.

In accordance with the Measures on the Charges for Property Management Services of Chongqing (《重慶市物業服務收費管理辦法》) (issued by General Office of Chongqing Municipal People's Government on 9 March 2015 and taking effect on 1 May 2015) as well as Notice of Chongqing Administration of Land, Resources and Housing and Chongqing Pricing Bureau on fully execution and Implementation of Measures on the Charges for Property Management Services of Chongqing (《重慶市國土房管局、重慶市物價局關於全面貫徹執行<重慶市物業服務收費管理辦法>的通知》) (issued on 17 April 2017 and taking effect on the same day), in the main urban area of Chongqing, the government guidance prices are divided into different levels, depending on the service and quality. The levels are determined by five aspects, including (i) basic demand, including service procedure; (ii) maintenance of public area; (iii) maintenance of public order; (iv) cleaning; and (v) maintenance of green plants. Higher level shall have stricter standard than that of lower. For residential properties with elevators, the standard prices of level 1, 2, 3 and 4 are RMB1.0 per month sq.m., RMB1.3 per month sq.m., RMB1.6 per month sq.m. and RMB1.9 per month sq.m. respectively. For residential properties without elevators, the standard prices of level 1, 2, 3 and 4 are RMB0.6 per month sq.m., RMB0.85 per month sq.m., RMB1.1 per month sq.m. and RMB1.35 per month sq.m. respectively. For residential district larger than 40,000 sq.m., price-float range between levels is 10%. For residential district smaller than 40,000 sq.m., price-float range between levels is 15%.

Regulations on car parking service fees

As we are engaged in the provision of community value-added services involving car parking spaces management services, the following laws and regulations affect our businesses.

According to the Guidance on the Planning, Construction and Management of Urban Parking Facilities (《關於城市停車設施規劃建設及管理的指導意見》) (jointly promulgated by the MOHURD, the NDRC and the Ministry of Public Security of the PRC and came into effect on 19 May 2010), a licensed management system shall be adopted with market access and exit standards and the open, fair and equitable selection of professional urban parking service enterprises.

On 15 December 2015, the NDRC, the MOHURD and the Ministry of Transport of the PRC jointly issued the Guidance on Further Improving Charging Policies for Motor Vehicle Parking Service (關於進一步完善機動車停放服務收費政策的指導意見), aiming to perfect a car parking service charge mechanism with the price mainly determined by the market, promote a more systematic and scientific government pricing system, regulate the car parking service charge and perfect the supporting supervision measures.

According to the Circular of the NDRC 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), which was promulgated by NDRC on 17 December 2014 and came into effect on the same date, price control on parking services in residence communities was also cancelled.

In accordance with the Circular of the NDRC 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》), which became effective on 17 December 2014, for car parking spaces management prices that are already under competitive conditions, the competent price administration departments of all provinces, autonomous regions and municipalities shall determine car parking spaces management prices in their respective governed areas. For a property management company or enterprise which provides car parking service to owner(s) of car parking space(s), such company shall charge property owners or users of relevant car parking spaces with service fee, in accordance with relevant car parking service agreement(s).

Property management service outsourcing

As we may subcontract certain of our property management services, such as cleaning services, the following laws and regulations affect our businesses.

In accordance with the Regulations on Property Management, a property management company may outsource a specific service within the property management area to specialised service companies, but it shall not outsource all the property management business within such area to third parties.

RECENT CHANGES IN PRC REAL ESTATE REGULATORY POLICIES

The Continuous Improvement Notice

In July 2021, MOHURD, among others, published the Continuous Improvement Notice, which aims to rectify and standardise the real estate market order in the PRC by highlighting main focuses for improvement. Examples of the main focuses are as follows:

- *Property construction activities* – issues such as late delivery and poor quality of construction works etc.;

- *Property development business* – behaviours such as publication of fraudulent advertisements and hoarding of properties etc.;

- *Property management business* – behaviours such as not providing services that are in accordance with the scope and standard of services set out in the property management service agreement, not charging property management fees rate in accordance with the property management service agreements, using the common space of the property project that such property management service provider manages without consents from the property owners etc..

According to the Continuous Improvement Notice, sampling inspections shall be performed on property developers and property management service providers across the PRC in order to identify and collate information regarding circumstances that would lead to the occurrence of issues set out in the main focuses. In the event that a property developer or property management service provider is found to be involved in any of the issues set out in the main focuses, (i) penalty, such as participation in warning interviews, suspension of business, revocation of relevant licence, would be imposed on such enterprise; and (ii) the penalty measures imposed on such enterprise would be publicised.

The Property Management Notice

In December 2020, MOHURD, among others, published the Property Management Notice, which accelerates the development of the property management industry and promotes high-quality of property management services. Different aspects covered in the Property Management Notice and the relevant requirements are as follows:

Formulation of property owners' association

The relevant requirements regarding formulation of property owners' association include:

- a negative list for members of the property owners' association to perform their duties shall be established;

- frequent trainings shall be provided to members of property owners' association to improve the ability of members in performing their duties in accordance with laws and regulations;

- members of property owners' association shall authorise property owners' association to exercise decision-making power to use funds held in co-ownership by property owners within a certain amount through general property owners' meetings; and

- property owners' association shall supervise property owners in compliance with laws, regulations, management bye-laws – should property owners fail to pay repeatedly property management fees, such default behaviour may be recorded in such property owners' personal credit records.

Property management service contracting

The relevant requirements regarding formulation of property owners' association include:

- Tender and bidding process:

  - a credit evaluation system for property management service providers, which could be utilised for assessment of property management service providers during tender and bidding process, shall be set up and be available on a national credit information platform;

  - supervision of tender and bidding process shall be strengthened where guidance shall be provided to property owners' association in selecting property management service providers during tender and bidding process;

  - blacklist system shall be established to identify property service management providers that materially violate laws and regulations and provide poor quality services;

- property management fees rate:
  - property management fees rate and the adjustment mechanism thereof shall be set out in the property management service agreement;
  - price determination of property management service rate shall be based on (i) market rate; and (ii) with reference to the ones suggested by the relevant regulatory authority and industry association;
  - apart from those set out in property management service agreement, no extra service fees shall be charged to property owners;
- scope of services:
  - expansion of areas that require provision of property management services, by including streets and older neighbourhood in vicinity of the relevant property project.

The proposed three red-lines policy

In a public forum held in August 2020, the MOHURD, the PBOC and certain property developers jointly discussed the long-term regulatory mechanisms for the real estate sector in the PRC, which indicated that the proposed new standards, regulations or rules governing the external financing of property developers in the PRC.

Three pro forma ratios are required under such newly proposed standard, also known as the "Three red-lines", including: (a) liability-to-asset ratio after excluding receipts in advance should not exceed 70.0%; (b) net gearing ratio should not exceed 100%; and (c) non-restricted cash-to-current borrowing ratio should not be lower than 1.0. According to information from the public media, for property developers who are not in compliance with all of three red-lines, they need to commit the target of deleveraging by 30 June 2023. It is further stipulated that (i) property developers which comply with all of the three red-lines, their size of interest-bearing liabilities may increase by less than 15% annually; (ii) property developers which only comply with two of the three red-lines, their size of interest-bearing liabilities may increase by less than 10% annually; (iii) property developers which only comply with one of the three red-lines, their size of interest-bearing liabilities may increase by less than 5% annually; and (iv) property developers which fail to comply with all of the three red-lines, their size of interest-bearing liabilities shall not increase at all. On 20 December, 2021, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued the 《關於做好重點房地產企業風險處置項目併購金融服務的通知》 (Notice on Doing a Good Job in M&A Financial Services for Risk Disposal Projects of Key Real Estate Enterprises*), which stipulates that financial institutions shall, in accordance with the principles of complying laws and regulations, controllable risks, and sustainable business, conduct business by granting merger and acquisition loans for real estate projects in a stable and orderly manner. Such business should focus on supporting high-quality real estate enterprises in acquiring high quality property projects from large-scale real estate enterprises that are in financial difficulties. Financial institutions enhance financing efficiency by speeding up its internal approval process. Loans granted to property developers for the purpose of acquiring real estate enterprises that are in financial difficulties shall be excluded from the management of real estate loan concentration temporarily.

Individual Housing Loan Notice

On 28 December 2020, PBOC and CBIRC jointly issued the Individual Housing Loan Notice to strengthen financial institutions' stability against fluctuations in the real estate market and optimise credit structure. Based on certain factors, including the asset size and institution type of banking entities, the PBOC and the CBIRC formulated differentiated individual housing loan concentration management requirements (the "**Concentration Requirements**"), which set a cap on the proportion of the individual housing loan that a bank could lend as a percentage of the bank's total lending.

The Concentration Requirements are laid out with a comprehensive consideration of the bank type and the status quo and future space of outstanding individual housing loan businesses. To reflect regional differences, appropriate flexibility is allowed in setting forth the Concentration Requirements for locally incorporated banking institutions. A relevant banking institution will have a transition period of two to four years to comply with the requirements depending on whether such banking institution exceeded 2% of the legal proportion based on the statistical data relating to such banking institution as of 31 December 2020. Banking institutions that exceed the caps specified in the Concentration Requirements should develop a scheme for business adjustments according to their actual conditions during the transition period. Banking institutions that satisfy the Concentration Requirements should carry out individual housing loan-related businesses in a prudent manner.

The PRC real estate tax reform

On 23 October 2021, the 31st Session of the Standing Committee of the 13th NPC adopted the Decision of the Standing Committee of the NPC on Authorising the State Council to Carry out a Pilot Program of Real Estate Tax Reform in Certain Areas (the "**Decision**") (《全國人民代表大會常務委員會關於授權國務院在部分地區開展房地產稅改革試點工作的決定》), authorising the State Council to carry out a pilot program of real estate tax reform in certain areas. The Decision clarifies that the real estate tax shall be levied on various types of real estate for residential and non-residential use in urban areas, and that the holders of land use rights and owners of such real estate shall pay for the real estate tax. The Decision authorises the State Council to formulate specific measures for the real estate tax pilot program, determine the list of cities for the pilot program and file the record with the Standing Committee of the NPC. The Decision also authorises the State Council to formulate specific measures for the real estate tax pilot program, determine the list of cities for the pilot program and file the record with the Standing Committee of the NPC. According to the Decision, the real estate tax pilot program shall last five years from the date when the measures for the pilot program are officially issued by the State Council. Furthermore, an official of the Ministry of

Finance, a component department of the State Council, indicated in an interview on the pilot program of real estate tax reform that the pilot program of real estate tax reform is being carried out in accordance with the authorisation of the Standing Committee of the NPC, and relevant investigation and preliminary study have been carried out in some cities, however, in comprehensive consideration of all aspects of the situation, the conditions for enlarging the scope of the pilot cities of the real estate tax reform in 2022 are not implemented. As at the Latest Practicable Date, it was unclear when the detailed measures for the real estate tax pilot program and the list of the real estate tax pilot cities would be formally introduced. Although both Shanghai and Chongqing have imposed real estate tax for ten years, it is unclear whether the measures for the real estate tax pilot program will be based on the current real estate tax regulations in Shanghai or Chongqing. According to information from public media, priority will be given to first or second tier cities located in active real estate markets when selecting pilot cities under the new real estate tax reform.

REGULATION ON OUR OTHER BUSINESSES

Real estate brokerage business

As we are engaged in the provision of car parking spaces and property sales services, the following laws and regulations affect our businesses.

In accordance with the Administrative Measures for Real Estate Brokerage (《房地產經紀管理辦法》) (issued by the MOHURD, NDRC and Ministry of Human Resources and Social Security (the MOHRSS) on 20 January 2011, taking effect on 1 April 2011 and amended on 1 March 2016), a real estate brokerage entity or its branch shall, within 30 days upon receipt of a business licence, go through the filing formalities with the relevant competent construction (real estate) authority of municipalities, cities and counties government. The real estate brokerage services shall be subject to a expressly marked price system. A real estate brokerage entity shall abide by the pricing laws, regulations and departmental regulations and display its real estate brokerage service items, service details, fee rates and prices of relevant properties and other information at an eye-catching place in its premises.

In accordance with the Circular of the NDRC 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》) (issued by the NDRC on 17 December 2014, taking effect on 17 December 2014), price control on real estate brokerage services has been cancelled since 17 December 2014.

Internet-based information service

As certain of our services are Internet-based, the following laws and regulations affect our businesses.

In accordance with Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (issued by State Council on 25 September 2000, taking effect on the same day and amended on 8 January 2011), Internet-based information services are divided into services of a commercial nature and services of a non-commercial nature. Commercial Internet-based information services refer to compensatory services which provide information to or create web pages for online users through the Internet. Non-commercial Internet-based information services refer to non-compensatory services which supply, through the Internet, to online users' information which is open to and shared by the general public.

The State shall implement a licence system for Internet-based information services of a commercial nature, and implement a filing-for-record system for Internet-based information services of a non-commercial nature. A non-commercial Internet-based information services provider shall not engage in compensable services. An Internet-based information service provider who intends to alter its service items, address of web site or other matters, shall complete formalities for alteration 30 days in advance, with the original examination and verification organ and the licence issuing organ or the filing-for-record organ.

Any individual or entity that engages in provision of Internet-based information services of a commercial nature without having obtained an operation licence or provides services outside the licensed scope, shall be ordered by the administrative organ in charge of telecommunications in the relevant province, autonomous region or directly administered municipality to rectify the situation within a set time limit; where illegal gains are made, such gains shall be confiscated, and a fine of more than 300 per cent and less than 500 per cent of the amount of the illegal gains shall be imposed; where there are no illegal gains or the amount of illegal gains is less than RMB50,000, a fine of more than RMB100,000 and less than RMB1 million shall be imposed; where the circumstances are serious, the websites shall be ordered to be shut down. Any individual or entity that, in violation of provisions of these measures, engages in Internet-based information services of a non-commercial nature without having completed the filing-for-record formalities, or provides services beyond the items filed for record, shall be ordered by the administrative organ in charge of telecommunications in the province, autonomous region or directly administered municipality to rectify the situation within a set time limit; if rectification is refused, the website(s) shall be ordered to be shut down.

Online mobile software application ("App") service

As we provide certain of our services through mobile phones applications, the following laws and regulations affect our businesses.

In accordance with Regulations for the Administration of Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (issued by the Cyberspace Administration of China on 28 June 2016 and taking effect on 1 August 2016), relevant qualifications shall be obtained according to laws and regulations for information services provided through Apps, App providers and online App store service providers shall not use Apps to engage in activities which endanger national security, disturb public order or violate others' legitimate rights, and shall not use the Apps to produce, copy, release or circulate information content prohibited by laws and regulations. Cyberspace Administration of China is responsible for the national supervision, regulation and law enforcement work in respect of App information content. Local cyberspace administrations are responsible for local supervision, regulation and law enforcement work in respect of App information content within their respective administrative regions according to their duties.

Regulations on information security and privacy protection

As certain of our services are Internet-based, the following laws and regulations affect our businesses.

Pursuant to the Provisions on the Technical Measures for the Protection of the Security of the Internet (《互聯網安全保護技術措施規定》) issued by the Ministry of Public Security on 13 December 2005, which became effective on 1 March 2006, Internet service providers and network user organisations shall establish corresponding management systems and use technical measures for Internet security protection in accordance with the applicable laws; information as registered by users shall not be publicised or divulged without the consent of the users, unless otherwise provided by any laws or administrative regulations, and technical measures for Internet security protection shall not be utilised to infringe the freedom of correspondence and privacy of users.

In accordance with the Provisions on the Administration of Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) issued by the Cyberspace Administration of China on 28 June 2016, which became effective on 1 August 2016, mobile Internet applications providers shall strictly implement the responsibility of information security management to process real authentication on the basis of mobile phone numbers on the registered users in accordance with the principles of "real name in the background, any name in the foreground". Mobile Internet application providers shall also establish mechanisms for user information security protection, verification and management to legally protect and safeguard users' rights to know during the installation or use of the mobile applications, in order to respect and protect intellectual property rights and keep records of user log information for 60 days.

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC on 7 November 2016 and came into effect on 1 June 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 personal information irrelevant to the services provided by them, nor collect or use the personal information in violation of the provisions of any laws or administrative regulation or the agreement between both parties. On 28 December 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. In particular, network service providers and other enterprises and institutions shall, when gathering and using electronic personal information in business activities, adhere to the principles of legality, rationality and necessarily, explicitly state the purposes, manners and scopes of the collection and use of information, and obtain the consent of those from whom information is collected, and shall not collect and use information in violation of laws and regulations and the agreement between both sides; strictly keep the electronic personal information collected in business activities confidential and may not divulge, alter, damage, sell, or illegally provide others with such information; take technical and other necessary measures to ensure information security and prevent the leakage, damage, or loss of personal electronic information collected in business activities; and take remedial measures immediately when information leakage, damage or loss occurs or may occur. On 16 July 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 1 September 2013, to regulate the collection and use of personal information of users in the provision of telecommunication service and the Internet information service. According to the Several Provisions on Regulating the Market Order of the Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) (the "**Provisions**"), which promulgated by the MIIT on 29 December 2011, and came into effect on 15 March 2012, without the consent of users, the Internet information service providers shall neither collect information which is relevant to users and can serve to identify users solely or in combination with other information (the "personal information of users") nor shall they 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.

According to the relevant provisions of the Information Security Technology Personal Information Security Specification (《信息安全技術個人信息安全規範》) issued by the National Standardisation Management Committee on 6 March 2020, which became effective on 1 October 2020, the collection of personal information shall comply with the principles of legality, minimum necessity and objective selectivity. Personal information owners should be informed of the purpose, method and scope of the collection and use of personal information, and the authorisation and consent of the personal information owners shall be obtained. Personal information protection policies should also be formulated. The use of personal information should not exceed the scope that is directly or reasonably relevant to the stated purpose at the time the personal information was collected. If it is necessary to use personal information beyond the scope due to business needs, the explicit consent from the personal information owners shall be obtained again. When applying personal information to user profile pictures, except as necessary to achieve the purpose of use as authorised and agreed by the personal information owner, clear identity orientation should be eliminated when using personal information to avoid precise positioning of specific individuals.

Pursuant to the Civil Code of the PRC, which was promulgated by the SCNPC on 28 May 2020 and became effective on 1 January 2021, personal information of a natural person shall be protected by the law. Any organisation or individual shall legally obtain such personal information of others when necessary and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public such personal information of others. The processing of personal information, which includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information, shall follow the principles of legitimacy, properness and necessity.

Pursuant to the Cybersecurity Review Measures (2021) promulgated by the MIIT, the Cyberspace Administration of China and certain authorities on 13 April 2020 and became effective on 1 June 2020, amended on 28 December 2021 and became effective on 15 February 2022, operators of critical information infrastructure purchasing network products and services, and online platform operators carrying out data processing activities that affect or may affect national security, shall conduct cybersecurity review. For any procurement activity which a cybersecurity review is applied for, an operator of critical information infrastructure shall require, through the procurement document, agreement or otherwise, the provider of the product or service procured to cooperate with the cybersecurity review, including undertaking, among others, not to take advantage of the provision of the product or service to illegally acquire user data or illegally control or operate user equipment, and not to interrupt the supply of the product or any necessary technical support service without good cause. According to the Cybersecurity Review Measures (2021), an online platform operator who holds and controls more than one million users' personal information must report to the cyber security review office for a cybersecurity review if it intends to be listed abroad (國外上市).

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

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

Pursuant to the Draft Regulations on Network Data Security Management promulgated on 14 November 2021, the State will focus on the protection of personal information and important data and strictly protect core data. Data processors shall be responsible for the data security and shall fulfill their obligation of data security protection in data processing. Data processors shall take necessary measures such as backup, encryption and access control to protect data from disclosure, theft, tampering, destruction, loss and illegal use, respond to network security incidents, prevent illegal and criminal activities targeting and using data, and maintain the integrity, confidentiality and usability of data. It stipulates that data processors shall, in accordance with relevant national regulations, apply for cybersecurity review if they engage in the following activities, including, among others, seeking to be listed abroad who control more than one million users' personal information, and seeking to be listed in Hong Kong who affects or may affect national security. As at the Latest Practicable Date, the Draft Regulations on Network Data Security Management has not been formally adopted.

According to Rule 50 of the Regulations on Property Management of Hangzhou City (《杭州市物業管理條例》), which was promulgated by the Standing Committee of the 13th People's Congress of Hangzhou on 30 July 2021 and will be implemented on 1 March 2022, property management service providers shall not (i) compulsorily require property owners or non-property owners to provide facial, fingerprints and other biometric information for the purpose of entering into the property projects that are under their management or the relevant common areas; (ii) disclose personal information of property owners and non-property owners obtained in the course of provision of property management services; (iii) compulsorily require property owners or non-property owners to purchase the goods or services provided or designated by the property management service providers; and (iv) infringe the personal and property rights of property owners and non-property owners.

According to Rule 53 of the Regulations on Property Management of Sichuan Province (《四川省物業管理條例》), which was promulgated by the Standing Committee of the 13th People's Congress of Sichuan on 29 September 2021 and will be implemented on 1 May 2022, property management service providers shall not compulsorily require property owners to provide facial, fingerprints and other biometric information for the purpose of entering into common areas.

Rental of common area

As our community value-added services involve rental of common area of property projects, the following laws and regulations may affect our business.

According to the Interpretation of the Supreme People's Court on Several Issues Concerning the Applicable Law in the Trial of Disputes on the Distinct Ownership of Buildings (issued by the Supreme People's Court on 14 May 2009, taking effect on 1 October 2009, and amended in 29 December 2020, taking effect on 1 January 2021) (《最高人民法院關於審理建築物區分所有權糾紛案件適用法律若干問題的解釋》), common areas of a property include: the basic structural parts of a building such as foundation, load-bearing structure, external wall and roof, public access areas such as passages, staircases and lobbies, accessory facilities and equipment such as fire-fighting and public lighting, refuge floors, equipment floors or equipment rooms, and other structural parts that do not exclusively belong to property owners or to the municipal common parts or other rights holders.

According to the Civil Code of the PRC, commercial activities involving common areas of properties shall be subject to the consent of three quarters or more of the property owners participating in the voting, provided that the area of private portions owned by such property owners accounts for three quarters or more of the total area. According to the Regulations on Property Management, commercial activities involving common areas of properties shall be approved by the relevant property owners, property owners' association and property management companies, and the relevant administrative procedures shall be adhere with thereafter.

Advertising

As advertisement may be involved in our provision of services, the following laws and regulations affect our businesses.

In accordance with Advertising Law of the People's Republic of China (Amended in 2021) (《中華人民共和國廣告法(2021修正)》) (issued by Standing Committee of the NPC on 27 October 1994, taking effect on 1 February 1995, and amended on 24 April 2015, taking effect on 1 September 2015, and amended on 26 October 2018, amended on 29 April 2021 and taking effect on the same day, advertisements shall be true and legitimate, and advertisement contents shall be expressed in a healthy form, and shall comply with the requirements of civilised development of socialism and promotion of fine traditional Chinese culture. Advertisements shall not contain false or misleading contents, and shall not deceive or mislead consumers. Advertisers, advertising agencies and advertising publishers engaging in advertising activities shall comply with laws and regulations, act with honesty and integrity, and engage in fair competition. The administration for market regulation of county level and above shall be in charge of supervision and administration of advertisements within their administrative region, and the relevant departments of local People's Governments of county level and above shall be responsible for the relevant tasks of administration of advertisements within the scope of their respective duties.

Commercial services of clearing, collection and transportation of urban living garbage

As our provision of services involve clearing, collection and transportation of urban living garbage, the following laws and regulations affect our businesses.

In accordance with Administrative Measures for Urban Living Garbage (《城市生活垃圾管理辦法》), issued by the Ministry of Construction on 10 August 1993, taking effect on 1 September 1993, amended on 28 April 2007, and latest revised on 4 May 2015, an enterprise engaged in commercial services of clearing, collecting and transporting of urban living garbage shall obtain a licence for the commercial service of clearing, collection and transportation of urban living garbage. An enterprise which fails to acquire a licence to engage in aforesaid commercial services regarding urban living garbage may be ordered to stop such service and confronted with a fine under RMB30,000.

Catering services

As our provision of services involve catering services, the following laws and regulations affect our businesses.

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (issued by the SCNPC on 28 February 2009, taking effect on 1 June 2009, and amended on 24 April 2015 and amended on 29 December 2018, amended on 29 April 2021 and taking effect on the same day) and the Administrative Measures for Food Operation Licensing (《食品經營許可管理辦法》) (issued by the China Food and Drug Administration on 31 August 2015, taking effect on 1 October 2015 and most recently amended on 17 November 2017), food sales and catering business in the PRC are subject to obtaining the food operation licence in accordance with the laws. The principle of one licence for one place shall apply to the licensing for food operation, that is, a food business operator shall obtain a food operation licence for each operation site at which it carries out the food business. The food business operators shall meet food safety standards, establish and improve food safety management systems, provide employees with training on food safety knowledge, strengthen food inspections, establish and implement employees health management systems and raw materials control requirements, and be responsible for the safety of the food they sell.

Labour dispatch services

As we may engage staff through labour dispatch, the following laws and regulations affect our businesses.

In accordance with the Labour Contract Law (《中華人民共和國勞動合同法》) (issued by the SCNPC on 29 June 2007, taking effect on 1 January 2008 and amended on 28 December 2012 and taking effect on 1 July 2013) and the Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) (promulgated by the MOHRSS on 24 January 2014 and taking effect on 1 March 2014), a labour dispatch service provider shall perform obligations of an employer towards their workers. A labour dispatch service provider shall enter into fixed-term labour contracts of two years and above with seconded workers and pay them labour remuneration on a monthly basis; during the period in which a seconded worker is not assigned any work duties, the labour dispatch service provider shall pay the worker remuneration on a monthly basis pursuant to the minimum wage standard stipulated by the local People's Government. Persons who violate the provisions of the aforementioned law to engage in unauthorised labour dispatch business without a licence shall be ordered by the labour administrative authorities to stop the illegal act, illegal income shall be confiscated and a fine ranging from one to five times the amount of illegal income shall be imposed; where there is no illegal income, a fine of not more than RMB50,000 may be imposed.

Human resources services

As our certain value-added services involve human resources services, the following laws and regulations affect our businesses.

In accordance with the Provisional Regulations on Human Resources Market (《人力資源市場暫行條例》) (promulgated by the State Council on 29 June 2018 and taking effect on 1 October 2018), commercial human resources service organisations engaging in collection and dissemination of human resources supply and demand information, employment and entrepreneurship guidance, human resources management consulting, human resources evaluation, human resources training, undertaking outsourcing contracts of human resources services etc. shall complete filing formalities with the human resources and social security administrative authorities within 15 days from commencement of business.

LABOUR AND SOCIAL SECURITY RELATED LAWS AND REGULATIONS

As we employ staff in the PRC, the following laws and regulations affect our operations.

In accordance with the Labour Law of the PRC (《中華人民共和國勞動法》) (issued by the SCNPC on 5 July 1994, taking effect on 1 January 1995, and amended and taking effect on 27 August 2009 and most recently amended on 29 December 2018), employers shall establish and improve their rules and policies in accordance with the law so as to ensure that employees enjoy labour rights and perform their labour obligations.

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

In accordance with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (issued by the SCNPC on 28 October 2010, taking effect on 1 July 2011, and amended on 29 December 2018), and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), Regulations on Work-Related Injury Insurance (《工傷保險條例》), Regulations on Unemployment Insurance (《失業保險條例》) and Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), China establishes a social insurance system including basic pension insurance, basic medical insurance, work related injury insurance, unemployment insurance and maternity insurance. An employer shall pay the social insurances for its employees in full and on time in accordance with the prescribed base and ratio, and shall withhold and pay the social insurances that should be assumed by the employees. Employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

According to 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 issued by the General Office of the Communist Party of China and the General Office of the State Council of the PRC on 20 July 2018, from 1 January 2019, all social insurance premiums, including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, will be collected by the tax authorities. According to the Notice by the General Office of the State Administration of Taxation on Conducing the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly, and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》), which was issued on 13 September 2018, 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 (《人力資源和社會保障部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 issued on 21 September 2018, all 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援和服務民營經濟發展若干措施的通知》), which was issued on 16 November 2018, repeats that tax authorities at all levels shall not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) (issued by the State Council on 3 April 1999, and amended and taking effect on 24 March 2002 and recently amended on 24 March 2019), an employer shall make registration for the housing provident fund contribution with the housing provident fund management center, complete the procedures for establishing housing provident fund accounts for its employees, pay the housing provident fund for its employees in full and on time in accordance with the prescribed base and ratio, and withhold and pay the housing provident fund that should be assumed by the employees. Where, in violation of the provisions of these regulations, an employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a People's Court for compulsory enforcement.

INTELLECTUAL PROPERTY RIGHTS RELATED LAWS AND REGULATIONS

As we regard intellectual property rights to be material to our operations, the following laws and regulations affect our businesses and operations.

Trademark

In accordance with the Trademark Law of the PRC (《中華人民共和國商標法》) (issued by the SCNPC on 23 August 1982, taking effect on 1 March 1983, amended on 22 February 1993 and taking effect on 1 July 1993, amended on 27 October 2001 and taking effect on 1 December 2001, amended on 30 August 2013 and taking effect on 1 May 2014, and recently amended on 23 April 2019 and taking effect on 1 November 2019), and the Regulation for the Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》)(issued by the State Council on 3 August 2002 and taking effect on 15 September 2002, amended on 29 April 2014 and taking effect on 1 May 2014), trademarks approved for registration by the Trademark Office of National Intellectual Property Administration are registered trademarks. Trademark registrants shall enjoy the exclusive right in relation to the trademarks for which they are approved for registration and the goods for which they are approved for use, and shall be protected by law. A trademark registrant may authorise others to use its registered trademark by signing a trademark licensing contract.

Patent

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》) (issued by the SCNPC on 12 March 1984, taking effect on 1 April 1985, and amended on 4 September 1992, 25 August 2000 and amended on 27 December 2008, and 17 October 2020 and taking effect on 1 June 2021), the inventions, utility models and designs can be protected by the patent right. The State Intellectual Property Office is responsible for uniformly accepting and examining patent applications and granting patent rights in accordance with law. The patentee has the exclusive rights to its patented product or method. Any entity or individual other than the patentee who wants to implement another person's patent must obtain permission from the patentee unless otherwise provided by law.

Copyright

In accordance with the Copyright Law of the PRC (《中華人民共和國著作權法》) (issued by the SCNPC on 7 September 1990, taking effect on 1 June 1991, amended on 27 October 2001, amended on 26 February 2010, and recently amended on 11 November 2020 and taking effect on 1 June 2021), Chinese citizens, legal persons or other organisations own copyrights to their works, whether published or not. The copyright owner may license others to exercise copyright-related rights, in return of royalties in accordance with the agreement or regulations. Unless otherwise stipulated by law, anyone who uses others' works shall enter into a licensing contract with the copyright owner.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) (issued by the National Copyright Administration on 20 February 2002 and taking effect on the same day) regulates the registration of software copyright, the exclusive licensing contract and transfer contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and recognises the China Copyright Protection Center as the software registration organisation. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (《計算機軟件保護條例》) (issued by the State Council on 20 December 2001, taking effect on 1 January 2002, amended on 30 January 2013 and taking effect on 1 March 2013).

Domain name

In accordance with the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (issued by the Ministry of Industry & Information Technology on 24 August 2017, and taking effect on 1 November 2017), the principle of "first to file" applies to domain name registration. A domain name registration agency that provides domain name registration services shall require the applicant to provide true, accurate and complete information about the domain name registration information for the registration purpose. Any organisation or individual who believes that the domain name registered or used by others infringes its/his/her legitimate rights and interests may apply to the domain name dispute resolution institution for arbitration or file a lawsuit with a People's Court in accordance with the law.

TAX LAWS AND REGULATIONS

Income tax

As we are companies that are established and operate in the PRC, the following tax-related laws and regulations affect our businesses and operations.

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (issued by the NPC on 16 March 2007, taking effect on 1 January 2008, and subsequently amended on 24 February 2017 and 29 December 2018, respectively) and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (issued by the State Council on 6 December 2007, taking effect on 1 January 2008, and amended on 23 April 2019), taxpayers of corporate income tax include resident enterprises and non-resident enterprises. Resident enterprises refer to the enterprises established according to laws of the PRC in the PRC or established under the laws of foreign countries (regions) with the actual management located in the PRC. Non-resident enterprises refer to the enterprises established under the laws of foreign countries (regions) with the actual management located outside the PRC, which have establishment or place of business in the PRC, or have no establishment or place of business in the PRC but have incomes originating from the PRC.

The general corporate income tax rate is 25%. The non-resident enterprises that have no establishment or place of business in the PRC, or that have establishment or place of business in the PRC but their income is not actually related to such establishment or place of business, shall pay corporate income tax at the reduced rate of 10% for their income originating from the PRC.

In accordance with the Notice on Issues Concerning Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy (Cai Shui [2011] No. 58) (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) (財稅[2011]58號) (taking effective on 1 January 2011), and the Announcement on Continuation of CIT Policies for Large-scale Development in the Western Region (Announcement [2020] No. 23 of the Ministry of Finance, State Taxation Administration and National Development and Reform Commission) (《關於延續西部大開發企業所得稅政策的公告》) (財政部、稅務總局、國家發展改革委公告2020年第23號) (taking effective on 1 January 2021), for enterprises in the western PRC engaging in encouraged industries, a 15% preferential income tax rate shall apply, from 1 January 2011 to 31 December 2030.

Withholding tax on dividends

As certain of our Shareholders, namely Harvest Property and Kingdom Vast, are companies incorporated in Hong Kong, the following laws and regulations affect us.

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

In accordance with Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) which was promulgated and became effective on 20 February 2009, where a Chinese resident company pays dividends to a tax resident of the other contracting party to the tax treaty, to enjoy the treatment under the tax agreement, the fiscal resident of the other contracting party shall meet all of the following requirements (i) the fiscal resident of the other contracting party shall be limited to a company; (ii) both the proportion of all ownership interest and the proportion of all voting shares in the Chinese resident company of the fiscal resident of the other contracting party shall meet the prescribed proportions; and (iii) the proportion of capital of the Chinese resident company directly owned by the fiscal resident of the other contracting party shall meet the proportion prescribed in the tax agreement at any time during 12 consecutive months before dividends are obtained.

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

Value-added tax

As we are companies that are established and operate in the PRC, the following tax-related laws and regulations affect our businesses and operations.

In accordance with the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (issued by the State Council on 13 December 1993, taking effect on 1 January 1994, amended on 10 November 2008 and taking effect on 1 January 2009, amended and taking effect on 6 February 2016, and recently amended on 19 November 2017), and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) (issued by the Ministry of Finance on 25 December 1993 and taking effect on the same day, amended on 15 December 2008 and taking effect on 1 January 2009, amended on 28 October 2011 and taking effect on

1 November 2011), entities and individuals that sell goods or provide services of processing, repair or replacement, or sell services, intangible assets, or real estates or import goods within the territory of China are taxpayers of value-added tax, and shall pay value-added tax in accordance with such regulations.

In accordance with the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which was promulgated by the MOF and the State Administration of Taxation on 4 April 2018, and came into force as at 1 May 2018, the value-added tax rates shall be adjusted, including for value-added tax taxable sales originally subject to 17% and 11% shall be adjusted to 16% and 10%, respectively.

According to Announcement of on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019), taxpayers of life services industry whose sales of amount from providing life services account for more than 50% of the total sales amount would be allowed to credit amount of input tax deductible in the current period plus 10% thereof against the amount of taxes payable from 1 April 2019 to 31 December 2021.

Stamp duty

As we are companies that are established and operate in the PRC, the following tax-related laws and regulations affect our businesses and operations.

In accordance with the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花稅法》) promulgated by the Standing Committee of the NPC on 10 June 2021 and will take effect on 1 July 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the territory of China, or entities and individuals that use taxable certificates, which were issued outside China, in China shall pay stamp duty.

In accordance with the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》), which was issued by Ministry of Finance on 6 August 1988 and taking effect on 1 October 1988 and was amended on 8 January 2011 and shall be abolished on 1 July 2022 and the Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫 行條例施行細則》), which was promulgated by the MOF on 29 September 1988 and came into effect on 1 October 1988 and revised on 5 November 2004, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws.

RELATED REGULATIONS

In accordance with the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) (issued by the State Council on 29 January 1996, taking effect on 1 April 1996, amended and taking effect on 14 January 1997, and amended on 5 August 2008) and the related regulations, no restrictions are imposed on international payments and transfers under the current account. Foreign exchange receipts and payments under the current account, such as goods, services, gains and transactions items that are frequently transferred, shall be based on true and legitimate transactions and can be processed directly at a bank against authentic and valid transaction documents. Foreign exchange receipts and payments under the capital account, capital transfers, direct investments, investments in securities, derivatives, and loans, shall comply with the provisions of relevant laws and regulations, and shall go through approval or registration procedures provided that the relevant laws and regulations require such approval or registration by foreign exchange administration departments. The foreign exchange and settlement fund under the capital account shall be used for the purpose approved by the relevant authorities and foreign exchange administration departments.

In accordance with the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (issued by the SAFE on 9 June 2016, and taking effect on the same day), the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement in accordance with relevant policies, may be conducted at a bank based on the actual operating needs of domestic entities. The discretionary settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. The SAFE may adjust the above ratio in due time in accordance with receipt and payment balance and status.

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

OUR HISTORY AND DEVELOPMENT

Overview

We were established in 2003 and started to provide property management services to property projects sourced from Dima Group in 2004. Dima Group principally engages in residential property development, manufacturing of vehicles with various types of use and property management and its related services in the PRC. Dima's property development business principally focuses in Central China (such as Wuhan and Changsha), Southwestern China (such as Chongqing, Mianyang and Chengdu) and Eastern China (such as Shanghai and Hangzhou). We provided such property management services through our subsidiaries, including Chongqing Dongyuan, Sichuan Dongyuan, Wuhan Zhonghang Shijia and Shanghai Chengfang. Since the establishment of our Company in 2015, we underwent several capital increases and equity transfers. For details of the changes in share capital of our Company, please refer to the paragraph headed "Our corporate development" below. On 13 December 2020, the then equity holders of our Company (also being the promoters) entered into the promoters' agreement pursuant to which they agreed to convert our Company into a joint stock company with limited liability with a registered capital of RMB50 million divided into 50 million Shares with nominal value of RMB1.00 each. On 30 December 2020, our Company was renamed from Chongqing Dongyuan Renzhi Industrial Co., Ltd* (重慶東原仁知實業集團股份有限公司) to DOWELL SERVICE GROUP CO. LIMITED* (東原仁知城市運營服務集團股份有限公司).

Leveraging our long-term cooperation with Dima Group and benefiting from Dima Group's expansions, we have since expanded our operations across the PRC, in particular in Southwestern China and Eastern China. Over our years of operation, through organic growth and acquisitions, we have (i) diversified our property portfolio to cover residential properties and non-residential properties, including commercial properties, hospitals, governmental buildings and schools; and (ii) expanded our service portfolio to cover value-added services to non-property owners and community value-added services. We have also extended our services to property projects sourced from Independent Third Parties since 2016.

As at 31 December 2021, we operated across the PRC, mainly cities in Southwestern China and Eastern China, whereby we managed 325 property projects with an aggregate GFA under management of approximately 28.2 million sq.m. in 51 cities and were contracted to manage 416 property projects with an aggregate GFA of 42.9 million sq.m. in 68 cities.

Business milestones

The following sets out our business development milestones:

2003	–	Chongqing Dongyuan, one of our principal operating subsidiaries, was established
2004	–	We started to provide property management services to property projects sourced from Dima Group in Chongqing
2009	–	We were first accredited with GB/T 19001-2008/ISO9001:2008 quality management system

2010	–	We were first ranked one of the Top 100 Property Management Companies in China by CIA
2012	–	We started to provide property management services in Wuhan and expand our footprint in Central China
2014	–	We obtained the qualification of First Class Property Service Enterprise (一級物業管理企業資質) from the Ministry of Housing and Urban-Rural Development of the PRC
2015	–	Our Company was established
	–	We started to provide community value-added services
	–	Introduction of our "Dongyu (東御)" brand
	–	We expanded our footprint in Shanghai
2016	–	We started to manage property projects sourced from Independent Third Party
2017	–	We were first accredited with GB/T 24001-2016/ISO14001:2015 environment management system certification and OHSAS18001:2007/GB/T 28001-2011 occupational health and safety management system certification
2019	–	We expanded our property portfolio to non-residential properties by acquiring the entire equity interests of Chongqing Shengdu
	–	We were ranked the 30th among the 2019 Top 100 Property Management Companies in China by CIA
	–	We expanded our footprint in Southwestern China by acquiring 50% equity interests of Mianyang Ruisheng
	–	We further expanded our non-residential property portfolio in Central China by acquiring the entire equity interests of Hubei Zhonghe
	–	We further expanded our community value-added service portfolio by acquiring the entire equity interests of Yuanji Culture

2020 – We were ranked the 23rd among the "2020 Top 100 Property Management Companies in China" (2020中國物業服務百強企業) in terms of overall strength[1], according to CIA. We were also ranked the 5th and the 11th among the "2020 Top 100 Property Management Companies" headquartered in Southwestern China and the Yangtze River Delta, respectively, in terms of overall strength[1] according to CIA

– We expanded our residential property portfolio by acquiring the entire equity interests of Luzhou Kuayue

– We expanded our non-residential property portfolio to include multi-national companies and governmental organisations by acquiring the entire equity interests of GSN Group

– We expanded our non-residential property portfolio to include hospitals and medical complexes by acquiring 51% of the equity interests of Shengkang Group

– We further expanded our geographic presence and client base by managing property projects in Taizhou City and Suzhou which were sourced from independent third party property developers

– We started to provide property management services for property projects situated in Dian Zhong New Area in Yunnan Province

2021 – We were ranked the 20th among the "2021 Top 100 Property Management Companies in China" (2021中國物業服務百強企業) in terms of overall strength[1], according to CIA. We were also ranked the 5th and the 9th among the "2021 Top 100 Property Management Companies" headquartered in Southwestern China and the Yangtze River Delta, respectively, in terms of overall strength[1], according to CIA. According to CIA, we were also ranked the 52nd and 53rd among the "2021 Top 100 Property Management Companies in China" (2021中國物業服務百強企業) in terms of total revenue generated in the PRC in 2020 and total GFA under management in the PRC in 2020, respectively.

1. Each year CIA publishes the "Top 100 Property Management Companies in China" in terms of overall strength based on the data from past five years on key factors such as, among others, management scale, operational performance, service quality, social responsibility, and growth potential in the next three years of the property management companies under consideration.

Our corporate development

Incorporation of our Company

Our Company was established on 13 January 2015 as a limited liability company in the PRC. At the time of our establishment, our Company was directly and wholly owned by Dima with registered capital of RMB10.0 million and was principally engaged in property management. Since our establishment, we underwent the following capital increases and equity transfers:

Pre-IPO Share Award Scheme

In order to (i) recognise contributions made by certain staff of our Group; (ii) to encourage and retain such staff to work with our Group; and (iii) to align the interests of such staff directly to the shareholders of our Company through indirect ownership of equity interests in our Company through equity holding in Tianjin Partnership, we adopted the Pre-IPO Share Award Scheme on 26 December 2019. An one-off share-based payment expense of approximately RMB23.5 million in relation to the grant of Shares pursuant to the Pre-IPO Share Award Scheme was recognised for the year ended 31 December 2019. For details of our Pre-IPO Share Award Scheme, please refer to the section headed "Further information about Directors, Supervisors and Shareholders – 13. Pre-IPO Share Award Scheme" in Appendix VI to this prospectus.

Corporate development of our Company

On 27 November 2017, Dima transferred its entire equity interest in our Company to Dongyuan Real Estate, a member of Dima Group and a connected person of our Company, at a consideration of RMB10.0 million, which was determined with reference to the then registered capital of our Company.

On 2 January 2020, the registered capital of our Company was increased from RMB10 million to RMB11.9947 million and was fully paid. The additional capital was contributed in cash by Tianjin Partnership. Upon completion of such capital increase, our Company was held as to approximately 83.37% and 16.63% by Dongyuan Real Estate and Tianjin Partnership, respectively.

On 12 February 2020, the registered capital of our Company was increased from RMB11.9947 million to RMB12.1947 million and was fully paid. The additional capital was contributed in cash by Dongyuan Real Estate. Upon completion of such capital increase, the equity holding of our Company was as follows:

Name of shareholder	**Capital contribution** *(RMB million)*	**Equity holding upon completion of such capital increase** %
Dongyuan Real Estate *(Note)*	10.2	83.64
Tianjin Partnership	1.9947	16.36
Total	12.1947	100.00

Note: A member of Dima Group and a connected person of our Company.

On 23 April 2020, the registered capital of our Company was increased from RMB12.1947 million to RMB19.9947 million and was fully paid. The additional capital was contributed in cash by Tianjin Chengfang, a member of Dima Group and a connected person of our Company. Upon completion of such capital increase, the equity holding of our Company was as follows:

Name of shareholder	**Capital contribution** *(RMB million)*	**Equity holding upon completion of such capital increase** %
Dongyuan Real Estate *(Note)*	10.2	51.01
Tianjin Chengfang *(Note)*	7.8	39.01
Tianjin Partnership	1.9947	9.98
Total	19.9947	100.00

Note: A member of Dima Group and a connected person of our Company

On 3 August 2020, Dongyuan Real Estate entered into an equity transfer agreement with Kingdom Vast, an Independent Third Party save its equity holding in our Company, pursuant to which Dongyuan Real Estate transferred approximately 25.41% of its equity interests held in our Company to Kingdom Vast at a consideration of RMB65.0 million. For details of the above-mentioned equity transfer, please refer to the paragraph headed "Pre-IPO Investments" in this section below. Upon completion of such equity transfer, the equity holding of our Company was as follows:

Name of shareholder	**Capital contribution** *(RMB million)*	**Equity holding upon completion of such equity transfer** %
Tianjin Chengfang *(Note)*	7.8	39.01
Dongyuan Real Estate *(Note)*	5.1193	25.60
Kingdom Vast	5.0807	25.41
Tianjin Partnership	1.9947	9.98
Total	19.9947	100.00

Note: A member of Dima Group and a connected person of our Company

On 19 October 2020, Dongyuan Real Estate entered into an equity transfer agreement with each of (i) Harvest Property, an Independent Third Party save its equity holding in our Company, pursuant to which Dongyuan Real Estate transferred approximately 13.57% of its equity interests held in our Company to Harvest Property at a consideration of RMB34.7 million; and (ii) Tianjin Chengfang pursuant to which Dongyuan Real Estate transferred approximately 12.03% of its equity interests held in our Company to Tianjin Chengfang at a consideration of approximately RMB30.8 million. For details of the above-mentioned equity transfer to Harvest Property, please refer to the paragraph headed "Pre-IPO Investments" in this section below. Upon completion of such equity transfers, the equity holding of our Company was as follows:

Name of shareholder	**Capital contribution** *(RMB million)*	**Equity holding upon completion of such equity transfers** %
Tianjin Chengfang *(Note)*	10.206	51.04
Kingdom Vast	5.0807	25.41
Harvest Property	2.7133	13.57
Tianjin Partnership	1.9947	9.98
Total	19.9947	100.00

Note: A member of Dima Group and a connected person of our Company

On 13 December 2020, the then equity holders of our Company (also being the promoters) entered into the promoters' agreement pursuant to which they agreed to convert our Company into a joint stock company with limited liability with a registered capital of RMB50 million divided into 50 million Shares with nominal value of RMB1.00 each, which was determined with reference to the net asset value of our Company of approximately RMB52.8 million as at 31 October 2020, as appraised and verified by an independent accountant with the remaining sum of approximately RMB2.8 million being recognised as capital reserve. All our Shares are fully paid up by conversion of shares from audited net assets as at 31 October 2020. As confirmed by our PRC Legal Advisers, our Company has obtained all necessary approvals from the competent authorities and complied with the applicable procedures pursuant to the requirements under the relevant PRC laws and regulations in relation to our Company's conversion into a joint stock company with limited liability.

On 17 December 2020, our Company was converted into a joint stock company with limited liability and was renamed as "東原仁知城市運營服務集團股份有限公司 (DOWELL SERVICE GROUP CO. LIMITED)" on 30 December 2020. The then equity holders and their respective equity interests in our Company remained unchanged immediately before and after the conversion of our Company into a joint stock company with limited liability. After such conversion, the registered capital of our Company was RMB50 million and our Shareholders and their respective shareholdings are as follows:

Name of Shareholder	**Number of Shares (and percentage shareholding immediately prior to the Global Offering)**	
		%
Tianjin Chengfang *(Note)*	25,520,000	51.04
Kingdom Vast	12,705,000	25.41
Harvest Property	6,785,000	13.57
Tianjin Partnership	4,990,000	9.98
	50,000,000	100.00

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

Our Listing constitutes a spin-off from Dima. Please refer to the section head "Relationship with our Controlling Shareholders – Overview" in this prospectus for details of such spin-off.

REASONS FOR THE SPIN-OFF

Pursuant to the relevant regulations in the PRC and in accordance with the corporate structure and ownership of our Company, Listing will constitute a spin-off from Dima Group.

Having seen an increasing trend of property developers to spin off their property management businesses in light of the growing interests of investors in listed property management companies in recent years, and the board of directors of Dima (the "**Dima Board**") consider that property management companies have benefited from their separate listing status and experienced accelerated growth as a result of a separate listing, in late 2019, Dima Group began to explore the feasibility of pursuing the proposed Spin-off. In early 2020, considering that our business is growing rapidly with an increasing number of property projects sourced from Independent Third Parties, the Dima Board believes that it was an appropriate time to pursue a separate listing for our Group, while capitalising on the benefits brought by our acquisition of companies during the Track Record Period as stated under the paragraph headed "Acquisitions during the Track Record Period" in this section below through adopting a vertical structure with control retained over our Group upon completion of the Spin-off. As such, Dima passed a shareholders' resolution on 24 December 2020 to approve the Spin-off, with the validity period being 18 months from the date of the resolution. In addition, Dima Group considers that it is commercially beneficial and in the interest of the shareholders of Dima Group to effect the Spin-off as it is expected that the Spin-off will create greater value for Dima Group and its shareholders as a whole for the following reasons:

(a) the Spin-off will allow Dima Group and its shareholders an opportunity to realise the value of investment in our Group under a separate standalone platform for our business;

(b) the Spin-off will enable our Group to build our identity as a separately listed group, and have a separate fund-raising platform and to broaden our investor base through the Global Offering. The Spin-off will allow our Group to gain direct access to the capital market for equity and/or debt financing to fund our existing operations and future expansion without reliance on Dima Group, thereby improving our operating and financial management efficiencies;

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

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

As at the Latest Practicable Date, we did not have any plan to apply for H Share full circulation to convert all Unlisted Foreign Shares into H Shares. We will consider whether to apply for H Share full circulation taking into account the relevant factors including the market conditions, the regulatory requirements, and the opinion of its Shareholders subsequent to Listing. If we envisages to apply for H Share full circulation in the future, we will comply with the applicable regulatory and internal requirements as appropriate.

PRE-IPO INVESTMENTS

In the second half of 2020, each of Harvest Property and Kingdom Vast entered into an equity transfer agreement with Dongyuan Real Estate, pursuant to which the Pre-IPO Investors agreed to acquire from Dongyuan Real Estate an aggregate of approximately 38.98% equity interests in our Company at a total consideration of RMB99.7 million. Summary of the Pre-IPO Investments is as follows:

	Kingdom Vast	**Harvest Property**
Amount of consideration paid	RMB65.0 million	RMB34.7 million
Date of agreement	3 August 2020	19 October 2020
Date of full settlement of consideration	10 October 2020	8 December 2020
Effective cost per Share	Approximately RMB5.12 (equivalent to approximately HK$6.23)	Approximately RMB5.11 (equivalent to approximately HK$6.22)
Discount to the mid-point of the indicative Offer Price range*(Note)*	A discount to approximately 54.36% over the mid-point of the indicative Offer Price range	A discount to approximately 54.43% over the mid-point of the indicative Offer Price range

	Kingdom Vast	Harvest Property
Basis of the consideration	The consideration was determined after arm's length negotiations with reference to the value of our Company of approximately RMB255.8 million as of 31 December 2019 as appraised by an independent valuer using the income approach. Other factors that were taken into account in the determination of the consideration include: (i) the expected strategic benefits of the Pre-IPO Investments brought to our Company as disclosed below; and (ii) the investment risks borne by the Pre-IPO Investors in the Pre-IPO Investments given the uncertainties in relation to the successful listing of our Company at the time of investment and the absence of any exit or divestment, as well as the expected lock-up period.	
Approximate shareholding in our Company upon completion of the Pre-IPO Investments	25.41%	13.57%
Approximate effective shareholding in our Company upon Listing	19.06%	10.18%
Special rights	No special rights were granted. No right to nominate Directors (save their respective nomination rights as Shareholders pursuant to the Articles, which provides that a Shareholder holding or in aggregate holding more than 5% of Shares may nominate a Director).	
Lock-up period	The Pre-IPO Investors shall not dispose of any of our Shares directly or indirectly held by them at any time (i) prior to completion of the Global Offering or from the Listing Date up to the period of six months following Listing pursuant to the equity transfer agreements; and (ii) from the Listing Date up to a period of one year following Listing pursuant to the requirements under the relevant PRC Company Law.	
Use of proceeds	As the Pre-IPO Investments were effected by way of equity transfer between the Pre-IPO Investors and Dongyuan Real Estate, the considerations were paid to Dongyuan Real Estate and no proceeds were received by our Group.	

	Kingdom Vast	Harvest Property
Strategic benefits	Our Directors are of the view that the Pre-IPO Investments will strengthen the shareholder base of our Company. In addition, the ultimate shareholder of Kingdom Vast, Mr. Wang Hao. has broad experience in managing various private companies in the PRC. See the paragraph headed "Information regarding our Pre-IPO Investors" below for details. Taking into account the long-term prospects of the property management market in the PRC, the competitive advantage of our Group, historical financial performance and the growth potential of the business of our Group, Mr. Wang Hao decided to invest in our Group through Kingdom Vast. Leveraging his extensive experience in business management and investment and coupled with his personal network, Mr. Wang Hao 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 property projects. During the Track Record Period, leveraging his personal business network, Mr. Wang Hao introduced three residential property management projects to us, such property projects are located in Shaanxi Province and Sichuan Province with aggregate GFA of approximately 2.3 million sq.m. and monthly property management fee ranged from approximately RMB2.5 to RMB4. By considering the experience of Mr. Wang Hao in the capital market, particularly his investment in real estate industry and his business network, our Directors believe that the Pre-IPO Investment from Kingdom Vast will benefit our Group's business development and future expansion plan.	Harvest Property holds investments in equity securities listed in various markets, including the PRC, Hong Kong and Singapore, and in companies engaged in, among others, financial services and environmental protection business. See the paragraph headed "Information regarding our Pre-IPO Investors" below for details. As Harvest Property is optimistic about the property management industry in the PRC 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, Harvest Property decided to invest in our Group. Given the reputation and market presence of Harvest Property in capital market, our Directors are of the view that our Group can benefit from the investments from Harvest Property as it demonstrates confidence in the operations of our Group which can assist us in broadening our shareholder base and market recognition. With its experience in investing in equity securities listed in various markets, Harvest Property provides us with professional advice on our Group's corporate governance, financial reporting and internal control, which are important to the on-going compliance of the Group upon Listing. Our Directors also consider that the shareholders of Harvest Property can provide insights and recommendation in formulating our strategy in future business expansion and acquisitions and development into various regional markets and believe that the Pre-IPO Investment will benefit our Group's business development.

	Kingdom Vast	**Harvest Property**
Source of financing for Pre-IPO Investments	To the best of our Directors' knowledge and belief, personal financing resources of the ultimate beneficiary owners of the Pre-IPO Investors accumulated from their respective savings and previous business investments.	

Note: The percentage is calculated based on an Offer Price of HK$13.65, being the mid-point of the indicative range of Offer Price between HK$11.90 and HK$15.40. The valuation of our Group upon Listing is higher than the value of our Group as at 31 December 2019 due to the following reasons: (i) our expansion in the customer base of our Group to multi-national corporations and development in our property management business in non-residential properties contributed by our acquisition of GSN Group; (ii) the expansion of our property management services to hospitals and medical complexes contributed by our acquisition of Shengkang Group; (iii) the gain of experienced management team of GSN Group and Shengkang Group from the acquisition of the same; (iv) the moving of our headquarters to Shanghai which facilitated our expansion in Eastern China; (v) continuous growth of our revenue and net profit; and (vi) the improvement of our industry ranking.

As advised by our PRC Legal Advisers, all necessary shareholders approvals, regulatory approvals or registrations required under the relevant PRC laws in relation to the Pre-IPO Investments in our Company had been obtained and the Pre-IPO Investments were conducted in compliance with all applicable laws and regulations. Based on the above, our Directors are of the view that, as at the Latest Practicable Date, the Pre-IPO Investments were completed and the funds for the transfer of equity interests were irrevocably settled.

Taking into account factors including but not limited to: (i) the investment risk assumed by the Pre-IPO Investors due to the absence of any exit or divestment rights granted to the Pre-IPO Investors under the terms of the equity transfer agreements in case the Global Offering fails to proceed, as well as other investment risks assumed by the Pre-IPO Investors in investing in an unlisted company, including, among others, the lack of liquidity and open market for trading in our H Shares prior to completion of the Global Offering and Listing; (ii) the strategic benefits which would be brought by the Pre-IPO Investors to our Group as set out above; and (iii) the restriction on transfer of Unlisted Foreign Shares by each of the Pre-IPO Investors for a period of one year from the Listing Date pursuant to the requirements under the PRC Company Law and the six-month lock-up restriction undertaken by each of the Pre-IPO Investors commencing on the Listing Date, the Sole Sponsor is of the view that the amount of consideration of RMB65 million and RMB34.7 million paid for the Pre-IPO Investments were after arm's length negotiation between the parties.

Information regarding our Pre-IPO Investors

Harvest Property

Harvest Property is a limited liability company incorporated in Hong Kong on 15 October 2020, which is wholly owned by Harvest International Premium Value (Alternative Investments) Fund SPC on behalf of Property Management Investment SP, a segregated portfolio established in the Cayman Islands and an Independent Third Party. The management shares of Harvest International Premium Value (Alternative Investments) Fund SPC on behalf of Property Management Investment SP is wholly-owned by Harvest Global Capital Investments Limited ("**HGCI**"). HGCI is a limited company incorporated in Hong Kong and licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. HGCI is principally engaged in asset management and provision of investment consultation services. HGCI is owned by (i) Zhongcheng Trust Co., Ltd.* (中誠信託有限公司), which is ultimately beneficially owned by the Ministry of Finance of the PRC; (ii) Lixing Investment Co., Ltd.* (立信投資有限責任公司), which is ultimately beneficially owned by Mr. Zhao Hongzheng; and (iii) DWS Investments Singapore Limited, which is ultimately beneficially owned by Deutsche Bank AG, which is dual-listed on the Frankfurt Stock Exchange and the New York Stock Exchange. Each of Zhongcheng Trust Co., Ltd., Lixing Investment Co., Ltd. and DWS Investments Singapore Limited and their respective ultimate beneficial owners is an Independent Third Party that does not have any past or present business, family, financing, employment, trust, fund flow or other relationship with our Group (save for the Pre-IPO investments in our Company), and to the best of our Directors' knowledge and belief, our Directors, Shareholders or senior management, or any of their respective associates. Harvest Property, its parent company and its ultimate beneficial owners are principally engaged in equity investment, provision of financial consulting services in the PRC and overseas market. The sole subscriber of Harvest International Premium Value (Alternative Investments) Fund SPC is All Wealthy Investment Limited, a limited company incorporated in Hong Kong, which is ultimately owned by Mr. Wong Wing Hung, an individual who is an Independent Third Party. Mr. Wong Wing Hung is a passive subscriber of Harvest International Premium Value (Alternative Investments) Fund SPC. He is also a private investor investing in other PRC listed companies from a variety of industries, including information technology, chemicals, raw materials, food products, etc.. Prior to becoming a private investor, Mr. Wong Wing Hung was a manager at Zhuhai Hejin Investment Consulting Co., Ltd.* (珠海合進投資諮詢有限公司) from August 2008 to August 2015. Save for the Pre-IPO Investments in our Company, each of All Wealthy Investment Limited and Mr. Wong Wing Hung does not have any past or present relationship with our Company and its subsidiaries, our Directors and senior management, or any of their respective close associates. Harvest Property identified this investment opportunity in our Group via market information. As Harvest Property is optimistic about the property management industry in the PRC 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, Harvest Property decided to invest in our Group.

Kingdom Vast

Kingdom Vast is a limited liability company incorporated in Hong Kong on 20 December 2019. Kingdom Vast is indirectly wholly owned by Mr. Wang Hao, an Independent Third Party, save for his shareholding in our Company through Kingdom Vast. Mr. Wang Hao became acquainted with our Group through the introduction by Ms. Luo Shaoying, the chairman of Dima. Mr. Wang Hao is a Cheung Kong Graduate School of Business schoolmate of Ms. Lou Shaoying.

Mr. Wang Hao has over 15 years of experience in managing various companies in the PRC. Between 4 February 2002 and 20 March 2015, Mr. Wang Hao served as an executive director of China Power Clean Energy Development Company Limited, the shares of which were previously listed in the Main Board of the Stock Exchange (former stock code: 735) and were delisted by privatisation in August 2019. Between 11 March 2015 and 16 August 2017, Mr. Wang Hao served as the chairman, chief executive officer and an executive director of China Smarter Energy Group Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1004). Since September 2018, Mr. Wang Hao has also been serving as the chairman of the board of directors of RAF Capital Group Limited (瑞富資本集團有限公司), a company principally engaged in asset management and project investments. Taking into account the long-term prospects of the property management market in the PRC, the competitive advantage of our Group, historical financial performance and the growth potential of the business of our Group, Mr. Wang Hao decided to invest in our Group through Kingdom Vast.

To the best of our Directors' knowledge and belief, each of the Pre-IPO Investors and their respective ultimate beneficial owner(s), save for their respective shareholding in our Company through the relevant Pre-IPO Investor, is an Independent Third Party, has no past or present relationships with our Company and/or any of its connected persons and is not a party acting in concert with our Controlling Shareholders, Chongqing Doyen and their respective connected persons and associates. The respective source of funding of each of the Pre-IPO Investors to acquire the equity interests of our Company was from their own resources and they were not financed directly or indirectly by connected persons of our Company.

Our Directors believe that the investment of each of the Pre-IPO Investors has demonstrated their confidence in the operations of our Group. The Pre-IPO Investors benefited our Group by providing strategic advice and business operations to our Group for the development and expansion of our comprehensive property management business.

Lock-up and public float

As each of our Pre-IPO Investors would be a Substantial Shareholder of our Company upon Listing, being a connected person of our Company, our Pre-IPO Investors will not be counted towards the public float upon Listing for the purpose of Rule 8.08 of the Listing Rules.

Each of our Pre-IPO Investors has agreed that, it will not, at any time during the period from the entering into of the relevant equity transfer agreement to the date falling six months following Listing, dispose of any of the Shares directly or indirectly held by it. Pursuant to the requirements under the relevant PRC Company Law, each of our Pre-IPO Investors shall not transfer any of the Unlisted Foreign Shares they hold within one year from the Listing Date.

Compliance with Interim Guidance and guidance letters

The Sole Sponsor has confirmed that the Pre-IPO Investments are in compliance with the Interim Guidance on pre-IPO investments issued by the Stock Exchange on 13 October 2010 and as updated in March 2017, the Guidance letter HKEx-GL-43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEx-GL29-12 issued by the Stock Exchange in January 2012 and as updated in March 2017.

OUR MAJOR OPERATING SUBSIDIARIES

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

Chongqing Dongyuan

Chongqing Dongyuan is principally engaged in the provision of property management services. It was established in the PRC with limited liability on 24 September 2003 with initial registered capital of RMB3 million, fully paid by cash, and was owned as to 40% by Dongyuan Real Estate and 60% by Chongqing Doyen.

Subsequent to a series of equity transfers, since 29 January 2015, Chongqing Dongyuan has been wholly-owned by our Company. Subsequent to a series of increase in its registered capital, on 14 July 2016, the registered capital of Chongqing Dongyuan was increased to RMB100 million, fully paid up by cash. There has been no changes in the equity interest in Chongqing Dongyuan since then.

Shanghai Chengfang

Shanghai Chengfang is principally engaged in the provision of property management services. It was established in the PRC with limited liability on 13 May 2015 with initial registered capital of RMB3 million, fully paid by cash. Since its establishment, Shanghai Chengfang has been wholly-owned by our Company.

Sichuan Dongyuan

Sichuan Dongyuan is principally engaged in the provision of property management services. It was established in the PRC with limited liability on 12 May 2010 with initial registered capital of RMB3 million, fully paid up by cash and was wholly-owned by Chongqing Dongyuan. On 14 July 2016, the registered capital of Sichuan Dongyuan was increased to RMB10 million, fully paid up by cash by Chongqing Dongyuan. Since its establishment, Sichuan Dongyuan has been wholly-owned by Chongqing Dongyuan.

Wuhan Zhonghang Shijia

Wuhan Zhonghang Shijia is principally engaged in the provision of real estate agency services. It was established in the PRC with limited liability on 13 July 2017 with initial registered capital of RMB1 million. Since its establishment, Wuhan Zhonghang Shijia has been wholly-owned by our Company.

Chongqing Dongguihe

Chongqing Dongguihe is principally engaged in the provision of property management services. It was established in the PRC with limited liability on 20 October 2017 with initial registered capital of RMB1 million. Since its establishment, Chongqing Dongguihe has been wholly-owned by Chongqing Dongyuan.

Major corporate changes in our subsidiaries

Set out below are the major corporate changes and changes in share capital of our other subsidiaries within two years immediately preceding the date of this prospectus:

On 26 May 2020, Shenzhen Chuanghuiyin Construction Development Co. Ltd.* (深圳市創匯銀建設發展有限公司), being an Independent Third Party other than its equity holding in Guizhou Dongyuan, entered into an equity transfer agreement with Duyun City Yingchuang Real Estate Co. Ltd.* (都匀市穎創置業有限公司) ("**Duyun Yingchuang**"), being an Independent Third Party, pursuant to which Duyun Yingchuang acquired from Shenzhen Chuanghuiyin Construction Development Co. Ltd. 45% of its equity interests in Guizhou Dongyuan at nil consideration. After completion of such equity transfer, Guizhou Dongyuan was owned as to 55% by Chongqing Dongyuan and 45% by Duyun Yingchuang.

On 18 November 2020, Hunan Xiangwei Hospital Management Co., Ltd.* (湖南湘衛醫院管理有限公司) and Ms. Li Haihui, each being an Independent Third Party, entered into an equity transfer agreement with Guangxi Shengkang and Mr. Li Qisheng (an Independent Third Party other than his equity holding in Guangxi Xiangwei and Guangxi Shengkang), pursuant to which (i) Guangxi Shengkang and Mr. Li Qisheng acquired from Hunan Xiangwei Hospital Management Co., Ltd. 16% and 44% of the equity interests in Guangxi Xiangwei, at a consideration of RMB480,000 and RMB1,320,000, respectively; and (ii) Mr. Li Qisheng acquired from Ms. Li Haihui 5% of the equity interests in Guangxi Xiangwei at a consideration of RMB150,000. The consideration was determined after arm's length negotiation having considered the registered capital of Guangxi Xiangwei at the time of transfer. After such equity transfers, Guangxi Xiangwei was owned as to 51% by Guangxi Shengkang and 49% by Mr. Li Qisheng, respectively.

On 28 December 2020, Mr. Li Qisheng, an Independent Third Party other than his equity holding in Guangxi Xiangwei and Guangxi Shengkang, entered into an equity transfer agreement with Guangxi Shengkang, pursuant to which Guangxi Shengkang acquired from Mr. Li Qisheng 49% of the equity interests in Guangxi Xiangwei at a consideration of RMB1.47 million. The consideration was determined after arm's length negotiation having considered the registered capital of Guangxi Xiangwei at the time of transfer. As at the Latest Practicable Date, Guangxi Xiangwei was wholly owned by Guangxi Shengkang.

On 7 January 2021, the equity holder of Shanghai Mengqian passed an equity holder's resolution to reduce the registered capital of Shanghai Mengqian from RMB10 million to RMB1 million. All the relevant procedures relating to the reduction in registered capital was completed on 3 March 2021.

Save as in the aforementioned paragraphs under this sub-paragraph headed "Major corporate changes in our subsidiaries", there has been no alteration in the share capital of any of our subsidiaries within two years immediately preceding the date of this prospectus.

Please refer to the section headed "Further information about our Group – 4. Associate corporations and joint ventures of our Group during the Track Record Period" in Appendix VI to this prospectus for details of our Group's investments in joint ventures and associate companies.

ACQUISITIONS DURING THE TRACK RECORD PERIOD

Acquisition of Chongqing Shengdu

On 11 March 2019, Chongqing Dongyuan entered into an equity transfer agreement with Mr. He Gui and Ms. Zhao Li, each being an Independent Third Party, pursuant to which Chongqing Dongyuan acquired from Mr. He Gui and Ms. Zhao Li the entire equity interests of Chongqing Shengdu at a total consideration of RMB1.2 million, which had been fully settled on 10 April 2020. The consideration was determined after arm's length negotiation having considered the net asset value and the business development of Chongqing Shengdu. Upon completion of such acquisition, Chongqing Shengdu became a wholly owned subsidiary of Chongqing Dongyuan. Chongqing Shengdu is engaged in the provision of property management services to non-residential properties. The opportunity of the acquisition of Chongqing Shengdu was identified through information shared by the Chongqing Real Property Management Association. The aim of the acquisition was to diversify our property portfolio by expanding to non-residential properties at the same time, to expand our existing scale of operation.

Acquisition of Hubei Zhonghe

On 2 April 2019, Chongqing Dongyuan entered into an equity transfer agreement with Ms. Zhong Lingying and Mr. Ning Shouhui, each being an Independent Third Party, pursuant to which Chongqing Dongyuan acquired from Ms. Zhong Lingying and Mr. Ning Shouhui the entire equity interests of Hubei Zhonghe at a total consideration of RMB1.35 million. As at the Latest Practicable Date, RMB0.85 million of the consideration has been settled. The rest of the consideration is expected to be payable within ten business days upon receipt by Chongqing Dongyuan of the start-up fee from the property developer of a residential property project located in Hubei province. The consideration was determined after arm's length negotiation having considered the net asset value and the business development of Hubei Zhonghe. Upon completion of such acquisition, Hubei Zhonghe has become a wholly owned subsidiary of Chongqing Dongyuan. Hubei Zhonghe is engaged in the provision of property management services. We became acquainted with Ms. Zhong Lingying and Mr. Ning Shouhui through the introduction of an Independent Third Party. The acquisition was made with the aim of enlarging our market presence geographically and expanding our existing scale of operation.

Acquisition of Mianyang Ruisheng

On 10 June 2019, Chongqing Dongyuan entered into an equity transfer agreement with Mr. Zeng Jianbin, an Independent Third Party, pursuant to which Chongqing Dongyuan acquired from Mr. Zeng Jianbin 50% of the entire equity interests of Mianyang Ruisheng at a total consideration of RMB11.0 million, which had been fully settled on 17 September 2019. The consideration was determined after arm's length negotiation having considered the net asset value and the business development of Mianyang Ruisheng. Upon completion of such acquisition, Mianyang Ruisheng has been owned by Chongqing Dongyuan as to 50% and two Independent Third Parties, namely Mr. Zeng Jianbin and Ms. Zeng Suqiong, as to 50%, in aggregate. Mianyang Ruisheng is engaged in the provision of property management services. We became acquainted with Mr. Zeng Jianbin through the introduction of Mr. Yu Weiyin, a former director of our Company. The acquisition was made with the aim of enlarging our market presence geographically and expanding our existing scale of operating. Upon completion of the acquisition of Mianyang Ruisheng, it has become our joint venture company.

Acquisition of Yuanji Culture

On 31 December 2019, our Company entered into an equity transfer agreement with Dongyuan Real Estate, pursuant to which our Company acquired the entire equity interest in Yuanji Culture at a total consideration of RMB1 million, which had been fully settled on 10 January 2020. Upon completion of such acquisition, Yuanji Culture has become a wholly owned subsidiary of our Company. Yuanji Culture is engaged in the provision of value-added property management services. The aim of the acquisition was to diversify our service portfolio to community value-added services and to expand our existing scale of operation.

Acquisition of Luzhou Kuayue

On 3 July 2020, Chongqing Dongyuan entered into an equity transfer agreement with Mr. Han Luyang, an Independent Third Party, pursuant to which Chongqing Dongyuan acquired the entire equity interests in Luzhou Kuayue at a nominal consideration of RMB1, which had been fully settled on 3 July 2020. The consideration was determined after arm's length negotiation and having considered that Luzhou Kuayue had no business operation and its registered capital has not been paid up as at the date of equity transfer. Upon completion of such acquisition, Luzhou Kuayue has become a wholly owned subsidiary of Chongqing Dongyuan. The opportunity of the acquisition of Luzhou Kuayue was identified through market information. Mr. Han Luyang is a director of Chongqing Kuayue (Group) Co., Ltd.* (重慶跨越(集團)股份有限公司, "**Chongqing Kuayue**"), which is a residential property developer in Chongqing. The acquisition of Luzhou Kuayue was a cooperation between our Group and Chongqing Kuayue. It was expected that our Group would provide property management services to residential properties of Chongqing Kuayue through Luzhou Kuayue. The aim of the acquisition was to expand our residential property portfolio, enlarge our market presence geographically and to expand our existing scale of operation.

Acquisition of GSN Group

On 26 October 2020, Chongqing Dongyuan entered into an equity transfer agreement with GSN Property Services Co., Ltd. Inc. ("**GSN Property**") and Mr. Andreas Ermann, each being an Independent Third Party, pursuant to which Chongqing Dongyuan acquired from GSN Property and Mr. Andreas Ermann their respective 86% and 14% equity interests of GSN Shanghai at an initial total consideration of RMB88,935,164.52, which is subject to the adjustments mechanism as summarised below:

(1) if any of the following circumstances occurs, the initial total consideration shall be adjusted:

(a) if there are any liabilities of GSN Shanghai which are not listed in the equity transfer agreement, or are not exempted, or which have not been acknowledged by Mr. Andreas Ermann, GSN Property (together, the "**Party A**") and Chongqing Dongyuan (together with Party A, the "**Parties**") in advance, or which were not incurred during the ordinary course of business of GSN Shanghai, including, without limitation, accounts payable, advances received from customers, tax payable, employee compensation payable and other payables;

(b) if GSN Shanghai has any new assets or any cash surplus in its accounts during the period from the completion date of the enterprise change registration ("**Registration Completion Date**") to the date on which the Parties complete all closing matters set out in the equity transfer agreement ("**Closing Date**"), such amount shall belong to Chongqing Dongyuan, and the initial total consideration shall not be adjusted;

(c) if as of the Closing Date, GSN Shanghai has any outstanding loans in respect of its affiliate companies which have matured as of 26 October 2020 but have not been repaid, then the outstanding amount of such loan shall be deducted from the initial total consideration in accordance with the following rules: (i) if such loans were incurred in 2019, 15 times of the amount of such debt shall be deducted from the initial total consideration; (ii) if such loans incurred in other years, the amount equivalent to the outstanding amount of such debt shall be deducted from the initial total consideration. In the case of any debt owed to GSN Shanghai by non-affiliate companies and has not been repaid as of 26 October 2020 (including, without limitation, accounts receivable, other overdue receivables that past the account period, discrepancies in documents and certificates, long period of non-collection and other factors), the collectability of such debts shall be assessed and provision for bad debts shall be made based on the appraisal results issued by the relevant institution at that time. If such uncollected debts were incurred in 2019, 15 times of the outstanding amount of such debts will be deducted from the initial total consideration; in case of debts incurred in other years, the amount equivalent to the outstanding amount of such debts (including, without limitation, accounts receivable, other overdue receivables that past the account period, discrepancies in documents and certificates, long period of non-collection and other factors) will be deducted from the initial total consideration;

(d) the adjustment mechanism on the revenue generated from the property management service agreements or property service agreements against the initial total consideration shall be as follows:

The amount of downward adjustment = [(the Monthly Revenue of Contracts ended in 2020 – the Monthly Revenue of Contracts acquired in 2020) x 12 – the Total Revenue of 2019 x 2%] x 5.92% x 15

For the avoidance of doubt, if the calculation result is zero or a negative number, then no adjustment will be made on the initial total consideration.

whereas:

"The Monthly Revenue of Contracts Ended in 2020" shall refer to the aggregate monthly revenue under such property management service agreements of GSN Shanghai performed in 2019 but ended between 1 January 2020 and 31 December 2020 (and no renewal or grant of new agreement due to loss in re-bidding);

"The Monthly Revenue of Contracts Acquired in 2020" shall refer to the aggregate monthly revenue under such property management service agreements newly acquired between 1 January 2020 to 31 December 2020 (excluding property management service agreements renewed);

"The Total Revenue of 2019" shall be RMB128,756,799.34.

For certain property management service agreements which were entered into in the name of GSN Property,

(i) upon the expiry of such property projects, if customers fail to enter into property management service agreements with GSN Shanghai and GSN Shanghai has been collecting contract price directly from clients, the relevant property management service agreements shall be deemed agreements performed in 2019 and ended between 1 January 2020 to 31 December 2020 ("**Deemed Performed Contracts in 2019**"), the initial total consideration will be adjusted according to the following formula:

The average monthly revenue of the Deemed Performed Contracts in 2019 x 12 x 5.92% x 15

(ii) for certain property management service agreements, the property management fees of which have been prepaid for up to December 2020 and January 2021, respectively, Chongqing Dongyuan shall be entitled to deduct the amount receivable under such agreements for the period from the Registration Completion Date to the last month for which the property service management agreements fee has been prepaid from the Confirmed Profit Difference (as defined below);

(e) based on the audited balance sheet as of the Closing Date ("**Closing Date Balance Sheet**") and relevant asset list, if any asset impairment loss is discovered through inventory check, such loss shall be accrued. If such loss was incurred in 2019, an amount equal to 15 times of such loss shall be deducted from the initial total consideration; if such loss was incurred in other years, an amount equivalent to such loss shall be deducted from the Confirmed Profit Difference (as defined below);

(f) as of 31 December 2021, if there is any difference arising from the delay in the carrying forward of costs and expenses due to reasons attributable to GSN Shanghai, 15 times the amount of such difference shall be deducted from the initial total consideration (i.e. where such costs and expenses should be but have not been included in the annual costs and expenses of 2019) or added to (i.e. where such costs and expenses should not but have been actually included in the annual costs and expenses of 2019) if the difference was occurred in 2019; or in the amount equivalent to the difference shall be deducted from or added to the initial total consideration if the difference occurs in other years;

(g) as of 31 December 2021, if GSN Shanghai is ordered to make up for short payment or penalised by the relevant governmental authorities due to incompliance with the relevant regulatory requirements regarding the contribution of social insurance or housing provident funds by GSN Shanghai prior to 26 October 2020, then the amount actually paid by GSN Shanghai in this regard shall be deducted from the initial total consideration, provided that Party A shall be fully notified in relation to such matter and the short payment or penalty was not attributable to Chongqing Dongyuan;

(h) as of 31 December 2021, if GSN Shanghai is ordered to repay taxes or penalised by the competent governmental authorities for incompliance with the relevant regulatory requirements regarding payment of enterprise income tax before 26 October 2020, the amount actually paid by GSN Shanghai in this regard shall be deducted from the initial total consideration, provided that Party A shall be fully notified in relation to such matter;

(i) as of 31 December 2021, if GSN Shanghai is ordered to make up for short payment or penalised by the competent governmental authorities due to GSN Shanghai's incompliance with the relevant regulatory requirements regarding payment of disabled employment security fund before 26 October 2020, the amount actually paid by GSN Shanghai in this regard shall be deducted from the initial total consideration, provided that Party A shall be fully notified in relation to such matter;

(j) other factors of transaction value adjustments as agreed by the Parties and not discovered in the due diligence of Chongqing Dongyuan; and

(2) the book amount of undistributed profits of GSN Shanghai set out in the Closing Date Balance Sheet minus the profits to be paid as of 26 October 2020 (the "**Confirmed Profit Difference**") shall be added to the initial total consideration.

The consideration was determined after arm's length negotiation and having considered (i) the net asset value of approximately RMB35 million as at 31 December 2020 assessed by an independent valuer; (ii) the valuation of similar market players and similar acquisitions transactions in the market; (iii) the experienced management team of GSN Shanghai; and (iv) the business development of GSN Group, in particular, our Directors are of the view that the customer background of GSN Group as set out below reflected the quality and standard of the property management services provided by GSN Group. Thus, the acquisition of GSN Group would facilitate our brand building. The consideration had been fully settled on 28 January 2022 in accordance with the terms of the equity transfer agreement. On settlement, no adjustment had been made to the initial total consideration payable by Chongqing Dongyuan.

Immediately before we acquired GSN Shanghai, it principally engaged in the provision of property management services to non-residential properties, including schools, foreign embassies, offices and showrooms of multi-national corporations. Such property projects are mainly located in first-tier cities in the PRC, including Beijing, Shanghai, Shenzhen and Chengdu etc., with contracted GFA of approximately 2.0 million sq.m. as at 31 December 2020. Based on the valuation report issued by the independent valuer, certain financial information of GSN Shanghai under the China Accounting Standards for Business Enterprises for the three years ended 31 December 2020 were as follows:

	For the year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
Revenue	115,791.9	126,239.5	131,160.5
Gross profit	16,483.3	19,162.6	22,822.9
Net profit	3,224.6	5,726.2	6,876.8
Gross profit margin (%)	14.2	15.2	17.4

The opportunity of the acquisition of GSN Group was identified through market information. The acquisition was made with the aim of diversifying (i) our property portfolio by expanding to non-residential properties, including schools, and foreign embassies in China; and (ii) our customer base with inclusion of multi-national companies and governmental organisations, including consulate generals of many foreign countries, and at the same time, expanding our existing scale of operation and enlarging our market presence geographically. Save for the disposal of their respective equity interests in GSN Shanghai to our Group, there is no past or present business, family, financing, employment, trust, fund flow or other relationship between GSN Property, Mr. Andreas Ermann and our Group, and to the best of our Directors knowledge and belief, our Directors, Shareholders or senior management, or any of their respective associates.

Acquisition of Shengkang Group

On 12 December 2020, Chongqing Dongyuan entered into an equity transfer agreement with Mr. Li Qisheng, being an Independent Third Party other than his equity interest in Guangxi Xiangwei and Guangxi Shengkang, pursuant to which Chongqing Dongyuan acquired from Mr. Li Qisheng his 51% equity interests of Guangxi Shengkang at an initial total consideration of RMB20 million, which is subject to the adjustments mechanism as summarised below:

(1) if the net profit of Shengkang Group for the year ended 31 December 2020 is less than RMB3 million, the initial total consideration would be adjusted as follows:

The amount of downward adjustment = (RMB3 million – net profit of Shengkang Group for the year ended 31 December 2020) x 13 x 51%

(2) if as of the closing date, Guangxi Shengkang has any outstanding loans in respect of its affiliate companies that have not been repaid, then the outstanding amount of such loan shall be deducted from the initial total consideration in accordance with the following rules: (i) if such loans were incurred in 2020, 13 times of the amount of such debt shall be deducted from the initial total consideration; (ii) if such loans were incurred in other years, the amount equivalent to the outstanding amount of such debt shall be deducted from the initial total consideration. In the case of any debt owed to Guangxi Shengkang by non-affiliate companies and has not been repaid (including, without limitation, accounts receivable, other overdue receivables that past the account period, discrepancies in documents and certificates, long period of non-collection and other factors), the collectability of such debts shall be assessed and provision for bad debts shall be made based on the appraisal results issued by the relevant institution at that time. If such uncollected debts were incurred in 2020, 13 times of the outstanding amount of such debts will be deducted from the initial total consideration; in case of debts incurred in other years, the amount equivalent to the outstanding amount of such debts (including, without limitation, accounts receivable, other overdue receivables that past the account period, discrepancies in documents and certificates, long period of non-collection and other factors) will be deducted from the initial total consideration;

(3) if as of the closing date, based on the closing balance sheet, if assets impairment is required to be provided, such impairment amount shall be deducted from the initial total consideration. If such impairment was incurred in 2020, 13 times of the amount of such debt shall be deducted from the initial total consideration. If such impairment is incurred in other years, such impairment amount shall be deducted from the initial total consideration;

(4) as of 31 December 2021, if there is any difference arising from the delay in the carrying forward of costs and expenses due to reasons attributable to Guangxi Shengkang, 13 times the amount of such difference shall be deducted from the initial total consideration (i.e. where such costs and expenses should be but have not been included in the annual costs and expenses of 2020) or added to (i.e. where such costs and expenses should not but have been actually included in the annual costs and expenses of 2020) if the difference was occurred in 2020; or in the amount equivalent to the difference shall be deducted from or added to the initial total consideration if the difference occurs in other years;

(5) if there are any liabilities of Guangxi Shengkang which are not listed in the equity transfer agreement, or which have not been acknowledged by the parties to the equity transfer agreement in advance; and

(6) if there are any payment arising from litigation, arbitration and other contractual arrangement or agreements.

Pursuant to the equity transfer agreement, Mr. Li Qisheng provided to Chongqing Dongyuan a profit guarantee for each of the financial years ending 31 December 2024. The consideration was determined after arm's length negotiation having considered (i) the fair value of the identifiable assets value of approximately RMB23.1 million and the fair value of the identifiable liabilities or contingent liabilities of approximately RMB6.9 million as at 31 December 2020 as assessed by an independent valuer under the relevant laws and regulations and asset evaluation standards using asset based approach; (ii) the valuation of similar market players and similar acquisitions transactions in the market; (iii) the experienced management team of Shengkang Group; and (iv) the business development of the Shengkang Group in terms of diversifying the property portfolios of our Group to include hospital and medical complexes, value-added services to non-property owners by including value-added services, and customer base. As at the Latest Practicable Date, RMB14 million of the consideration (before tax) has been settled, the remaining is expected to be settled after the audit of the financials of Guangxi Shengkang for the year ending 31 December 2024 and in accordance with the terms of the equity transfer agreement.

Based on the assessment of our Company in relation to the abovementioned adjustment mechanism, no adjustment to the initial total consideration for the acquisition of Guangxi Shengkang has been made as at the Latest Practicable Date. As such, the abovementioned adjustment mechanism of the initial total consideration would have no impact on our financial performance, position and cashflow. However, pursuant to the profit guarantee provided by Mr. Li Qisheng, if Shengkang Group failed to meet the profit guarantee, our Group is entitled to compensation amounted to the difference between 8% of the guaranteed profit and the actual profit times the net profit ratio of the relevant financial year. Upon completion of such acquisition, Guangxi Shengkang has become a non-wholly-owned subsidiary of Chongqing Dongyuan. Guangxi Shengkang is engaged in the provision of hospital property management services.

Immediately before we acquired Shengkang Group, it principally engaged in the provision of property management services to hospitals and medical complexes. Such property projects are located in Guangxi province. Based on the unaudited consolidated management account of Shengkang Group, certain financial information of Shengkang Group under the China Accounting Standards for Business Enterprises for the three years ended 31 December 2020 were as follows:

	For the year ended 31 December		
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
Revenue	28,450.6	34,049.6	32,893.8
Gross profit	6,689.3	8,460.5	8,687.1
Net profit	804.4	2,596.0	2,359.4
Gross profit margin (%)	23.5	24.8	26.4

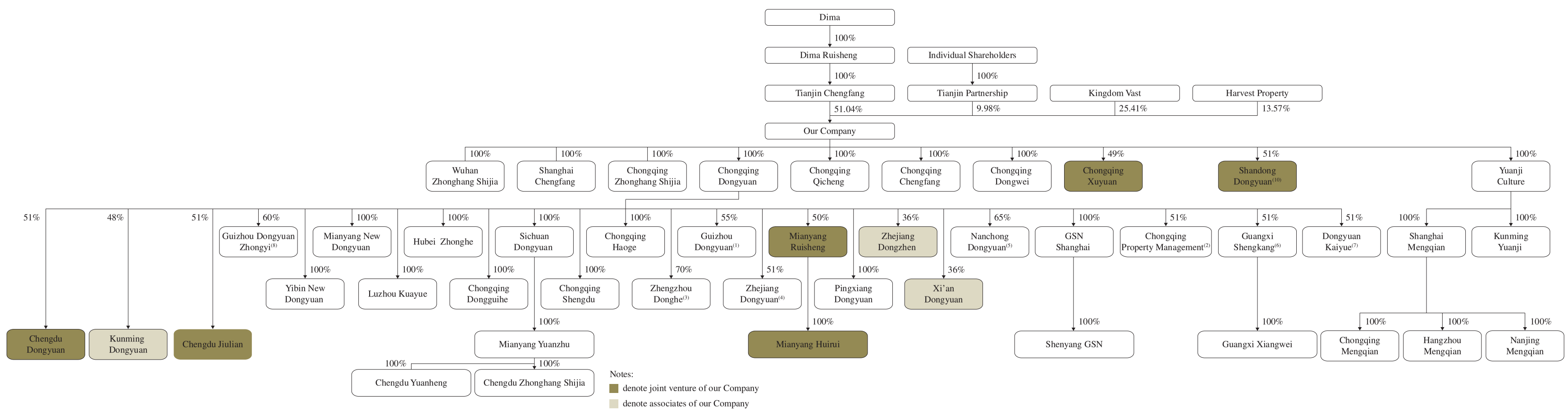
The opportunity of the acquisition of Shengkang Group was identified through market information. The acquisition was made with an aim of diversifying (i) our property portfolio to include hospitals and medical complexes; (ii) our value-added services to non-property owners by including value-added services, such as washing and disinfection of medical fabrics services and provision of medical-related necessities in hospitals for patients, to medical-related organisations; and (iii) customer base, and at the same time, expanding our existing scale of operations. Save for the disposal of his equity interests in Guangxi Shengkang to our Group and his equity interests in Guangxi Xiangwei, there is no past or present business, family, financing, employment, trust, fund flow or other relationship between Mr. Li Qisheng and our Group, and to the best of our Directors' knowledge and belief, our Directors, Shareholders or senior management, or any of their respective associates.

Our Directors confirmed that none of the applicable percentage ratios as defined under the Listing Rules in respect of any of the above acquisitions exceeds 25% which would require disclosure under Rule 4.05(A) of the Listing Rules. Save as disclosed in the paragraph headed "Acquisitions during the Track Record Period" in this section above, we did not conduct any other major acquisition, disposal or merger which we consider to be material to the operations and performance of our Group during the Track Record Period.

PRC LEGAL COMPLIANCE

As advised by our PRC Legal Advisers, save as disclosed in the paragraph headed "Acquisitions during the Track Record Period" above, the establishment and conversion of nature of our Company, each change in the shareholding structure of our Company and each acquisition of our Group were legally and properly completed and settled and complied with all applicable laws, rules and regulations in the PRC. As at the Latest Practicable Date, our PRC Legal Advisers confirmed that we had obtained all necessary approvals, permits, authorisations and consents from the relevant PRC authorities with respect to such changes in all material aspects and such approvals, permits, authorisations and consents are valid, current, subsisting and not revoked and the equity interests held by our Company in each of our subsidiaries, joint ventures and associate companies is valid.

As at the Latest Practicable Date, our Company had issued 50,000,000 Shares and had a registered share capital of RMB50,000,000. The registered capital is expected to increase to RMB66,666,667, comprising 50,000,000 unlisted Shares and 16,666,667 H Shares upon Listing (assuming the Over-allotment Option is not exercised). Other than the conversion of nature as explained above in this section, our Company did not undergo any reorganisation for the purpose of Listing prior to completion of the Global Offering. Set out below is the shareholding and corporate structure of our Group immediately prior to the Global Offering:



Notes:

1. This subsidiary is owned as to 55% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 45% by Duyun City Yingchuang Real Estate Co., Ltd.* (都勻市穎創置業有限公司), an Independent Third Party (other than its equity interest in this subsidiary).

2. This subsidiary is owned as to 51% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 49% by Chongqing Oudian Property Services Co., Ltd.* (重慶歐典物業服務有限公司), an Independent Third Party (other than its equity interest in this subsidiary).

3. This subsidiary is owned as to 70% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 30% by Zhengzhou Hehuan Property Management Co., Ltd.* (鄭州合歡物業管理有限公司), an Independent Third Party (other than its equity interest in this subsidiary).

4. This subsidiary is owned as to 51% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 49% by Taizhou Wanhe Property Management Co., Ltd.* (台州市萬和物業管理服務有限公司), an Independent Third Party (other than its equity interest in this subsidiary).

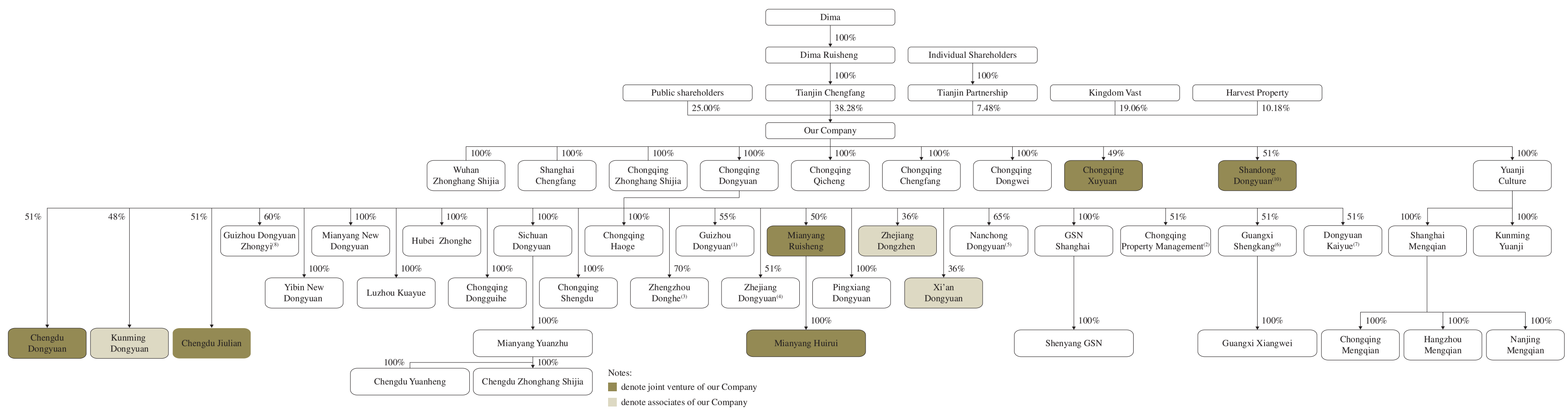
5. This subsidiary is owned as to 65% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 35% by Yilong County Zebo Trade Co., Ltd.* (儀隴縣澤博商貿有限公司), an Independent Third Party (other than its equity interest in this subsidiary).

6. This subsidiary is owned as to 51% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 49% by Mr. Li Qisheng, an Independent Third Party (other than his equity interest in this subsidiary).

7. This subsidiary is owned as to 51% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 49% by Sichuan Da'ai Public Facilities Management Co., Ltd.* (四川大愛公共設施管理有限公司) , an Independent Third Party (other than its equity interest in this subsidiary).

8. This subsidiary is owned as to 60% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 40% by Guizhou Zhongyi Property Management Co., Ltd.* (貴州中壹物業管理有限公司), an Independent Third Party (other than its equity interest in this subsidiary).

Set out below is the shareholding structure of our Group upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised):



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2. This subsidiary is owned as to 51% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 49% by Chongqing Oudian Property Services Co., Ltd.* (重慶歐典物業服務有限公司), Independent Third Party (other than its equity interest in this subsidiary).

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4. This subsidiary is owned as to 51% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 49% by Taizhou Wanhe Property Management Co., Ltd.* (台州市萬和物業管理服務有限公司), an Independent Third Party (other than its equity interest in this subsidiary).

5. This subsidiary is owned as to 65% by Chongqing Dongyuan, a direct wholly-owned subsidiary of our Company, and 35% by Yilong County Zebo Trade Co., Ltd.* (儀隴縣澤博商貿有限公司), an Independent Third Party (other than its equity interest in this subsidiary).

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OVERVIEW

We are a long-established property management service provider offering comprehensive services for a wide range of property projects in the PRC with a rapid growth track record. According to CIA, in 2021, we were ranked the 52nd and 53rd among the "2021 Top 100 Property Management Companies in China" (2021中國物業服務百強企業) in terms of total revenue generated in the PRC in 2020 and total GFA under management in the PRC in 2020, respectively.

Having been providing property management services in the PRC for over 17 years, we believe our long operating history and industry experience differentiates us from many of our competitors. As at 31 December 2021, we had our business presence in two major regions in the PRC, namely, Southwestern China and Eastern China. Over the years, we adopted a growth strategy to expand our business portfolio in existing cities in which we have property projects that we managed and to enter into new cities that we consider to be of high growth potential. As at 31 December 2021, we had 325 property projects under management, including residential and non-residential properties, covering 51 cities, across 16 provinces, autonomous regions and municipalities in the PRC, with total GFA under management of approximately 28.2 million sq.m.. Among which, 133 of them were residential properties and 192 of them were non-residential properties. The aggregate GFA under management of residential properties and non-residential properties were approximately 20.5 million sq.m. and 7.7 million sq.m., respectively, as at 31 December 2021. As at 31 December 2021, approximately 50.0% of the total GFA under management of the property projects that we managed were those sourced from Dima Group and Affiliated Companies. A number of property projects that we managed include property projects for which we entered into relevant property management service agreements that did not specify the amount of GFA under management. For such property projects, we mainly charged on lump sum basis per property project that we managed based on the number of staff utilised.

We experienced a rapid growth during the Track Record Period. Our revenue increased by approximately 113.4%, from approximately RMB559.2 million in 2019 to approximately RMB1,193.4 million in 2021, with a CAGR of approximately 46.1%. Our gross profit for the three years ended 31 December 2021 amounted to approximately RMB132.7 million, RMB216.0 million and RMB308.9 million, respectively, which increased by approximately 132.8% between 2019 and 2021. During the same periods, we recorded gross profit margin of approximately 23.7%, 28.2% and 25.9%, respectively. Our profit for the year was approximately RMB25.6 million, RMB84.5 million and RMB130.4 million during each of three years ended 31 December 2021, which increased by approximately 409.4% between 2019 and 2021. Furthermore, the number of property projects that we managed, GFA under management and contracted GFA increased from 80, 11.9 million sq.m. and 19.8 million sq.m., respectively, as at 31 December 2019 to 227, 21.1 million sq.m. and 35.5 million sq.m., respectively, as at 31 December 2020, and further increased to 325, 28.2 million sq.m. and 42.9 million sq.m., respectively, as at 31 December 2021.

We provide diversified services for both residential and non-residential properties through three main business lines, namely (i) property management services; (ii) community value-added services, which we provide to property owners and residents of the properties that we manage; and (iii) value-added services to non-property owners. We have established a long-term and stable cooperative relationship with Dima Group and Affiliated Companies and our success rate of obtaining property management service agreements from participating in tender and bidding process of Dima Group and Affiliated Companies were 100% throughout the Track Record Period. We also commenced providing property management services to property projects sourced from Independent Third Parties in 2016. We have a diversified customer base, including property developers, logistics companies, PRC government authorities, local and international schools, hospitals, consulate generals from different foreign countries and branch offices in the PRC of Fortune Global 500 foreign-owned enterprises. We believe that our comprehensive property management services enable us to diversify our revenue resources and reduce our exposure to fluctuations in any single segment. Our services primarily include the following:

- **Property management services** – We provide a range of property management services to property developers, property owners and residents, including, among others, security services, cleaning services, landscaping services, facility management, repair and maintenance services. In addition to residential properties, our property portfolio also covers commercial and office buildings, public and other properties (such as industrial parks, hospitals and schools).

- **Community value-added services** – We provide community value-added services to property owners and residents of properties that we manage to address their lifestyle needs. Our community value-added services mainly include (i) car parking spaces management services; (ii) car parking spaces and property sales services; (iii) public resources management services; (iv) property agency services; (v) community events planning services; (vi) utility maintenance services; and (vii) renovation waste treatment services.

- **Value-added services to non-property owners** – We provide value-added services to non-property owners, including, among others, (i) sales assistance services; (ii) maintenance and renovation services; (iii) pre-delivery consultancy and inspection services; and (iv) additional tailored services.

We believe our property management services business serves as the basis for us to generate revenue and helps us to enlarge our customer base for our value-added services to non-property owners and community value-added services. We believe our three business lines compliment each other where through the offer of diversified services, we would be able to enhance the satisfaction and loyalty of our customers. Through enhancement of our customers' stickiness, we would be able to secure more new property projects, thus enhance our brand and reputation in the market and improve our profitability.

The following table sets out a breakdown of our revenue by business lines during the Track Record Period:

	Year ended 31 December					
	2019		**2020**		**2021**	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Property management services	257,284	46.0	349,366	45.6	629,028	52.7
Community value-added services	175,474	31.4	204,797	26.7	286,851	24.0
Value-added services to non-property owners	126,396	22.6	212,639	27.7	277,544	23.3
Total:	559,154	100.0	766,802	100.0	1,193,423	100.0

OUR STRATEGIC BUSINESS RELATIONSHIP WITH AND RELIANCE ON DIMA GROUP AND AFFILIATED COMPANIES

We have maintained a long-standing strategic business relationship with Dima Group and Affiliated Companies. As at the Latest Practicable Date, Dima, indirectly through Dima Ruisheng and Tianjin Chengfang, held approximately 51.04% of our total issued share capital. Our Listing constitute a spin-off from Dima. As a member of Dima Group, a significant portion of our property projects during the Track Record Period was related to the management of property projects sourced from Dima Group and Affiliated Companies.

During the Track Record Period, approximately 76.7%, 52.9% and 50.0% of the total GFA managed by our Group were attributed to the property projects sourced from Dima Group and Affiliated Companies, respectively, and approximately 93.9%, 84.9% and 57.4% of our revenue generated from property management services was contributed from property projects sourced from Dima Group and Affiliated Companies, respectively.

According to CIA, 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 Dima Group and Affiliated Companies may continue in the future, we have begun exploring opportunities to develop business with Independent Third Parties since 2018. Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group has entered into nine new property management service agreements with Independent Third Parties with an additional contracted GFA of approximately 0.1 million sq.m., representing approximately 100.0% of the total contracted GFA of our new engagements obtained during the same period. For further details regarding our measures to minimise our reliance on Dima Group and Affiliated Companies, please refer to the paragraph headed "Our business strategies – Solidify our market position and expand our property portfolio and business scale with organic growth, strategic acquisitions and investment and synergy from Dima Group" in this section below.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths are key factors contributing to our success:

Provision of comprehensive property management service in China with a rapid growth track record

We are a comprehensive property management service provider in the PRC. We have our headquarters in both Chongqing and Shanghai with strong presence in Southwestern China and Eastern China. Apart from those areas, we have a vision to develop our business in different areas in the PRC with a focus on tier-one and tier-two cities in the PRC, such as Beijing, Shenzhen, Guangzhou, Chongqing, Changsha, Wuhan, Chengdu and Shanghai. We experienced growth in our GFA under management and contracted GFA during the Track Record Period. Our financial performance in terms of revenue and profit also improved during the same period. Our revenue increased by approximately RMB634.2 million, from approximately RMB559.2 million in 2019 to approximately RMB1,193.4 million in 2021, representing a growth of approximately 113.4% and a CAGR of approximately 46.1%. The number of property projects that we managed, our GFA under management and contracted GFA increased from 80, 11.9 million sq.m. and 19.8 million sq.m., respectively, as at 31 December 2019, to 227, 21.1 million sq.m. and 35.5 million sq.m., respectively, as at 31 December 2020, and further increased to 325, 28.2 million sq.m. and 42.9 million sq.m., respectively, as at 31 December 2021.

According to CIA, in 2021, we were ranked the 52nd and 53rd among the "2021 Top 100 Property Management Companies in China" (2021中國物業服務百強企業) in terms of total revenue generated in the PRC in 2020 and total GFA under management in the PRC in 2020, respectively.

We believe we have established strong capabilities in market expansion through organic growth as well as acquisition of third-party property management companies.

- ***Continuous growth as a result of synergy with Dima Group***: We benefit from the business cooperation with our Controlling Shareholder, Dongyuan Real Estate, a subsidiary of Dima Group, which was ranked 44th among the "2021 Top 100 Real Estate Companies in China (2021中國房地產百強企業)", according to CIA. We started to provide property management service to property projects sourced from Dima Group in 2004. Our long-term and stable cooperation with Dima Group has been driving our development since our inception and laid the foundation for our continuous growth. Our cooperation with Dima Group has helped us to gain in-depth understanding of Dima Group's business needs, enabling us to successfully win tender bids for property projects sourced from Dima Group and Affiliated Companies. Our success rates of obtaining property management service agreements from participating in tender and bidding processes of Dima Group and Affiliated Companies were 100% throughout the Track Record Period. During the Track Record Period, the property projects that we managed were principally sourced from

Dima Group. According to the annual report of Dima Group for the year ended 31 December 2020 and interim report of Dima Group for the six months ended 30 June 2021, Dima Group recorded a total contracted sales (within the scope of the consolidated statement of income) of approximately RMB22,721.1 million and RMB12,150.6 million, respectively. As at 31 March 2021, Dima Group had land bank and total planned construction area of approximately 4.4 million sq.m. and 17.9 million sq.m.. As at 30 September 2021, Dima Group had land bank and total planned construction area of approximately 3.2 million sq.m. and 20.9 million sq.m., respectively. We believe that the landbank and stable development of Dima Group will help solidify our industry reputation and market position as a comprehensive property management service provider in the PRC.

- ***Increase in managing property projects for enterprises other than Dima Group***: Our cooperation with Dima Group also improved our market recognition which has, in turn, strengthened our market outreach capabilities to engage more property projects from Independent Third Parties to achieve a balanced property portfolio. During the Track Record Period, the aggregate GFA under management of the property projects that were sourced from Independent Third Parties increased from approximately 2.8 million sq.m. as at 31 December 2019 to approximately 9.9 million sq.m. as at 31 December 2020 and further to approximately 14.1 million sq.m. as at 31 December 2021, representing an increase of over five times during the period between 2019 and 2021. We believe that our close and long-term cooperative relationship with Dima Group will enable us to continue to reinforce our existing market position and enhance our competitiveness in China's property management industry, which allows us to diversify our customer base.

- ***Expansion of business operations by strategic acquisitions and investments***: In terms of expansion through acquisitions, we generally focus on targets whose geographical presence and market positioning are synergistic with ours. For example, we acquired 50% of equity interests of Mianyang Ruisheng, which has become our joint venture, in 2019 and added GFA under management and contracted GFA of approximately 1.1 million sq.m. and 1.3 million sq.m. respectively to our property portfolio as at 31 December 2019, and enlarging our market presence geographically. In late 2020, we acquired the GSN Group, which has diversified our (a) property portfolio with non-residential properties, such as foreign embassies in China, schools and hospitals; and (b) customer base with companies or organisations in different industries, including property developers, logistics companies, PRC government authorities, local and international schools, hospitals, consulate generals of various foreign countries and branch offices in the PRC of Fortune Global 500 foreign-owned enterprises. Since expansion through various acquisitions during the Track Record Period, we have had geographic coverage expansion, diversified property portfolio and customer base. For further details regarding our acquired companies during the Track Record Period, please refer to the paragraph headed "Acquisition of companies during the Track Record Period" in this section below.

We believe that our well-established market position and strong market expansion capabilities will enable us to capture opportunities presented by market developments and expand our market share in the industry.

Provision of comprehensive and diversified services catering for different demands of our customers

We have a variety of source of revenue generating channels attributable to our diversified property portfolio and multiple service offerings.

In addition to residential communities, we have successfully diversified our property portfolio by extending our services to an increasing variety of non-residential properties, including commercial properties, hospitals, governmental buildings and schools. Our total GFA under management of non-residential properties increased from approximately 1.2 million sq.m. as at 31 December 2019 to approximately 7.7 million sq.m. as at 31 December 2021. Our revenue generated from management of non-residential properties increased from approximately RMB63.8 million in 2019 to approximately RMB262.3 million in 2021, at a CAGR of approximately 102.8%. We generally record higher average property management fees rate and gross profit margin from property management services for non-residential properties as compared to residential communities since the entry barrier of managing non-residential properties is relatively higher and as a result, the property management fees charged for managing non-residential properties are generally higher than those charged for residential communities. The diversification of our managed property types has enriched our service dimensions and revenue streams with business opportunities emerging from newer markets.

In addition to our provision of property management services, in order to meet our customers' evolving demands and further diversify our revenue sources, we offer a range of services along the upstream and downstream of the value-chain of property management industry. In respect of upstream of the value-chain of property management industry, we provide a wide variety of value-added services to non-property owners, such as maintenance and renovation services, pre-delivery consultation and inspection services and sales assistance services. For downstream of the value-chain of property industry, we provide various community value-added services to property owners and residents of the properties we manage. In particular, we provide our community value-added services through our YOULIFE brand, which we categorised as "YOU-Daily (原•優家)" referring to group purchase services, "YOU-Home (原•築家)" referring to one-stop property agency and decoration and renovation service; "YOU-Delivery (原•到家)" referring to our cleaning, repair and maintenance services and "YOU-Community (原•美佳)" referring to our provision of community events planning services. For further details regarding our YOULIFE brand, please refer to the paragraph headed "Sales and marketing – Branding – YOULIFE" in this section below. We believe that our multiple service offerings have provided us with diversified sources of revenue and enhanced our financial performance and increased the loyalty of our customers.

Established brand and reputation brought by our customers-satisfied services

We strive to optimise the living experience of residents of the property projects that we manage by creating a convenient yet comfortable living community for them. We consider service quality a key to enhancing our customer satisfaction and increasing brand recognition. We market our services under mainly four brands, namely "Dongyu (東御)", "YOULIFE (原•生活)", "原管家" (YOU Butler*) and 原•聚場 ("**Our Space**"), and each is catered to a specific customer group.

In particular, Our Space is a community living brand, implementing the concept of aesthetic life, interaction between parents and children, and drama and art ("生活美學、親子互動、戲劇藝術"). Different kinds of living community activities, such as cultural events, are organised in communities that we manage implementing "Our Space" concept. Through Our Space brand, we aim to build a sense of community among property owners and residents to enrich their living experience. Our Space was accredited as Top 1 Community Operations for real estate industry in the PRC in 2020 ("2020年中國物業行業社區化運營 TOP1") by China Real Estate Association (中國房地產業協會) and China Real Estate Evaluation Center* (中國房地產測評中心) in March 2021, among Top 100 Property Management Companies. In addition, through its holding in our Group which operates under "Our Space" concept, a member of Dima Group has been accredited by CIA as "Featured Real Estate Well Operating Enterprise – Community Operation" (特色地產運營優秀企業 – 社區運營) for three consecutive years between 2019 and 2021. Thus, according to CIA, Our Space is a leading branding concept that is introduced by our Group in the property management industry in the PRC.

In addition, taking into account the relatively high customers' satisfactory level, collection rate of property management fee and service quality from the provision of our services under our "Dongyu (東御)", our Group has been accredited by CIA as one of "Featured Service Brand of China Property Service Companies (中國物業服務特色品牌企業 – 東御) for our Dongyu brand for five consecutive years between 2016 and 2020. In addition, under our "Dongyu (東御)" brand, we were accredited by CIA as "Enterprise with high-end leading brand in property services in the PRC in 2020" (2020中國高端物業服務領先品牌企業) in 2020. According to CIA, "Dongyu (東御)", is considered to be a high-quality brand that is related to provision of property management in the PRC. In concluding such accreditations, CIA neither evaluated any quantitative indicators, nor involve any rankings. It evaluated, among others, the concept of brand(s) which a property management service provider try to establish, the characteristics of the services provided (whether they are unique or not). We believe that our brands help us to provide unified and clear messages about the type and level of services that we provide and enable us to maximise our market share by leveraging this differential positioning strategy to attract different customer groups. For further details regarding our brands, please refer to the paragraph headed "Sales and marketing" in this section below.

While we strive to optimise the living experience of residents and tenants of property projects that we manage, we emphasise on the quality of services that we provide. We improve our quality in primarily two ways: (i) through our quality management and control systems which closely monitor all relevant aspects of our services; and (ii) by using various systems that timely track customers' complaints and responses which allow us to expand our service offerings, communication methods and issue handling capabilities based on customer experience.

Our quality management and quality control systems cover the front-line property management services for projects at pre-delivery and post-delivery stages, with specified and detailed standards and procedures for the provision of our property management services. With respect to our quality management system, we first successfully obtained (i) GB/T 19001-2008/ISO9001:2008 quality management system certification in 2009; and (ii) both GB/T 24001-2016/ISO 14001:2015 environment management system certification and OHSAS18001:2007/GB/T 28001-2011 occupational health and safety management system certification in 2017.

We have established various systems and platforms to monitor and maintain the quality of our services. We have established a standardised system to deal with customers' complaints to ensure that all issues raised by our customers are properly handled and resolved in a timely manner. In addition, our smart community features IoT device management capabilities and security alerts so as to enable us to optimise experience of property owners and tenants as well as ensuring their safety in property projects that we manage. For further details regarding our systems and platforms, please refer to the paragraph headed "Standardisation and digitisation" in this section below. In addition, we also maintain close relationships with our customers through, among others, community events under Our Space brand and our "原管家" (YOU Butler*) arrangement with a view to provide quality and customised butler, security, cleaning, repair and maintenance services. We believe our standards and procedures enable us to efficiently scale up and consistently replicate our operations without compromising our service quality.

We were awarded one of the 2020 specialised operational leading brand of China property service companies and one of the 2020 China property service characteristic brand enterprise by CIA. In addition, we were ranked first among 96 property management companies across the PRC in terms of property management services customers' satisfaction level in 2019, according to customers satisfaction report dated March 2020 and conducted by 北京賽惟諮詢有限公司 (Beijing Saiwei Consultation Company Limited*), an independent consulting company which focuses on customers' relationship in real estate industry. For further details, please refer to the paragraphs headed "Quality control – Quality control over our services" and "Award and recognition" in this section below. As at 31 December 2019, 2020 and 2021, our overall property management service agreement renewal rate (calculated based on the number of renewed property management service agreements in one year divided by the number of property management service agreements which were subject to renewal in the same year) was 100.0%, 100.0% and 96.4%, respectively. According to CIA, the average property management service agreement renewal rate for Top 100 Property Management Companies in the PRC in 2020 was 98.39%. Our higher property management service agreement renewal rate during each of the three years ended 31 December 2020 also indicate high satisfactory level towards our provision of services from our customers.

We believe that our market reputation will enhance our customer stickiness, help us secure more and different types of property projects and enable us to further grow our business. As a result, we would be able to maintain and further increase our market share as compared to our competitors and increase our profitability.

Standardisation and digitisation and smart management contributing to operational efficiency and enhancement of customers' experience

The property management industry is traditionally labour-intensive. We are dedicated to implementing standardisation and digitisation and smart management to optimise operational procedures and improve efficiency and customers' experience. We endeavour to strengthen our competitiveness by upgrading systems through information technologies, reducing reliance on manual labour and thus decreasing operational costs. We have implemented various systems to enhance the living experience of property owners and residents as well as to enhance the efficiency of our business operations and financial performance:

- *Standardisation* – We have established a standardised operation model and an effective internal management system and have put in place internal guidelines and written operating manuals in accordance with the quality standards represented by our ISO certifications. Standardisation of these procedures ensures that our employees adhere to our standards when providing services. Such standardisation enables us to provide consistent services.

- *Digitalisation* – We have implemented business management systems and operation management systems which on one hand enable us to streamline operation processing and thus lower labour cost as well as enhance our service efficiency, and on the other hand, enable us to manage customer profiles and data for more personalised and timely services. Through these systems, we are able to analyse and gain a better understanding of the needs of our customers so that we can improve the quality of our services and provide more personalised services to our customers. In addition, we can also interact with our customers more conveniently through our customers oriented systems, such as "東驛站" (Doyin station*) mobile application, "i神馬東東" (iShenma Dongdong*) WeChat mini programme. Through these systems, our customers are able to engage us more conveniently, while we could also respond to our customers in a more timely manner. As a result, we believe digitisation has also facilitated cultivation of customer loyalty and strengthen our customer base.

- *Smart management* – We have diversified smart service platforms, such as "東驛站" (Doyin station*) mobile application, "i神馬東東" (iShenma Dongdong*) WeChat mini programme and systems to support our operation of, in particular in property projects that we manage and operate as smart community. For example, our residents may access the residential communities they live in by using their "東驛站" (Doyin station*) mobile application, which enables registered users to, among others, pay property management fees, make repair and maintenance service requests. We perform smart surveillance to automatically inspect the operations of the facilities under our management in real time to save our labour costs for inspection. We have installed various facilities to develop smart communities in the residential properties under our management. For example, some of the residential properties under management use a facial recognition system to grant access to their residents. In addition to facial recognition system for individuals' access to property projects under our management, some of the property projects under our management also use smart car plate recognition system to grant access to vehicles. On the other hand, our smart community platform features IoT device management capabilities and security alerts so as to enable us to optimise experience of property owners and tenants as well as ensuring their safety in the property projects that we manage. These technologies have also saved our labour costs for entry control and enhanced our customer experience.

For further details, please refer to the paragraph headed "Standardisation and digitisation" in this section below.

Experienced management team supported by professional team and employee incentive scheme

We believe our success has been, and will continue to be, dependent on the quality of our management team. We have experienced core management team who have been in the property management and related industries for more than 17 years of experience in management and property management, respectively. For further details regarding their biographies, please refer to the section headed "Directors, Supervisors and senior management" in this prospectus.

We believe that expertise is the foundation for our ability to offer quality services and achieve sustainable growth. As at 31 December 2021, all of our core management team members held a bachelor's degree or above. Our senior management team has solid coordination and execution capabilities. We believe that the extensive experience of our management team has provided us with valuable industry insight and expertise leading our Group to grow further and stand out among our competitors. As at the Latest Practicable Date, certain of our staff were accredited as certified property managers by the Ministry of Housing and Urban-Rural Development of the PRC. In addition, we have adopted the Pre-IPO Share Award Scheme. For further details, please refer to the section headed "13. Pre-IPO Share Award Scheme" in Appendix VI to this prospectus. We believe our talent training and Pre-IPO Share Award Scheme would enhance our team building, improve our team's capability, and provide us talent pipelines.

OUR BUSINESS STRATEGIES

Our long-term objective is to expand our geographical presence while expanding property portfolio that we manage and our customer base. We intend to achieve our objective by implementing the following strategies:

Solidify our market position and expand our property portfolio and business scale with organic growth, strategic acquisitions and investment and synergy from Dima Group

We intend to focus on our strength as a comprehensive property management service provider in different areas in China and further solidify our market positions in the first-tier and second-tier cities located in the Southwestern China and Eastern China where we have relatively strong presence. We believe the growing economies in these regions will have continuous demand of our services. We expect to continue our organic growth by securing more property management service agreements with the existing customer group, including property developers of residential properties, property developers of commercial and office buildings, local or foreign-owned enterprises that own or operate industrial parks, hospitals and schools, PRC governmental authorities and consulate generals of many foreign countries.

Expansion through mergers and acquisitions

According to the CIA, large-scale property management companies actively improve their strategic layout and accelerate their expansion in order to increase their market share and achieve better results of operation. Facing intensified market concentration, in order to solidify and continuously enhance our competitiveness and market position, during the Track Record Period, apart from organic growth, we had expanded our business through successful acquisitions of various property management companies in the PRC. Please refer to the section headed "History and development – Acquisitions during the Track Record Period" in this prospectus regarding our acquisitions completed during the Track Record Period. Through the acquisitions, we enlarged our market presence geographically and expanded our existing scale of operation. We intend to continue our nationwide expansion, primarily focusing on Southwestern and Eastern China. We plan to further expand into selected urban agglomerations, of which are mainly first-tier and/or second-tier cities, such as Beijing, Shenzhen, Guangzhou, Chongqing, Changsha, Wuhan, Chengdu and Shanghai which are economically developed.

In addition to geographical expansion, we plan to diversify the types of property projects under our management to include more types of non-residential properties, including government and public facilities, PRC governmental properties, foreign embassies in China, educational institutions and hospitals, by way of mergers and acquisitions. Acquisitions during the Track Record Period were successful to us, as we have integrated these companies into our operations and the property projects they managed fit our strategic plan in terms of property types and scales. Through these acquisitions, we achieved growth with respect to GFA under management (from approximately 11.9 million sq.m. as at 31 December 2019 to approximately 21.1 million sq.m. as at 31 December 2020, and further to approximately 28.2 million sq.m. as at 31 December 2021) and number of property projects that we managed (from 80 as at 31 December 2019 to 227 as at 31 December 2020, and further to 325 as at 31 December 2021), expanded our property portfolio that we managed, diversified our customer base and strengthened our ability to expand our business outward. For further details, please refer to the paragraph headed "Acquisition of companies during the Track Record Period" in this section below.

We intend to continue to expand our business and secure property projects sourced from Independent Third Parties and diversified types of property projects through acquisitions of or strategic investments in third party property management companies with an aim to (i) reduce reliance on Dima Group and Affiliated Companies; (ii) diversify the types of property projects that we managed; (iii) diversify our customer base; and (iv) diversify our geographic coverage. We believe that suitable acquisitions will help us to further diversify our property portfolio and geographic coverage of our property portfolio. Also, we may be subject to higher costs or risks when organically expanding into a new market due to the differences in local policies, customs, market conditions and strategic investment in or acquisitions of suitable and local property management companies can be alternative means of efficient expansion into new markets to save our costs and time.

We have established a market development team to seek for suitable property management companies that are well managed and in healthy financial condition located in selected urban agglomerations as potential acquisition target. For further details regarding our market development team, please refer to the section headed "Relationship with our Controlling Shareholders – Our business relationship with Dima Group" in this prospectus. We intend to acquire five to eight companies in total during the period ending 30 June 2024 as part of our business expansion plan. We aim to acquire potential acquisition targets that are located in first-tier and/or second-tier cities with economic growth potentials and where we have geographic presence already. The main cities that we focus on include Beijing, Shenzhen, Guangzhou, Chongqing, Changsha, Wuhan, Chengdu and Shanghai. We would prefer those targets that meet all or part of our criteria which mainly include, among others, (a) a competent management team with extensive experience in property management business; (b) a portfolio of managed property projects include non-residential properties, such as commercial properties, hospitals, governmental buildings and schools; (c) a total GFA under management of no less than one million sq.m.; (d) sound financial performance, e.g. a revenue of no less than RMB30.0 million (for non-residential properties), a net profit margin of not less than 5% and non-current assets of not more than RMB30.0 million; and (e) no material legal disputes and non-compliance. We expect an expansion of our operational scale upon completion of a successful acquisition. As at the Latest Practicable Date, we have not identified suitable acquisition target(s). In the event of any acquisition materialises, we will make relevant announcement(s) as and when appropriate. We plan to use 65.0% of the net proceeds from the Global Offering in acquisitions and strategic investments, further details of which is set out in the section headed "Future plans and use of proceeds – Use of proceeds" in this prospectus.

Expansion in concert with Dima Group and Affiliated Companies

Leveraging our long-term and stable cooperation with Dima Group and capitalising on Dima Group's strategic business and geographical expansion, we will take advantage of the support from Dima Group and continue to provide services to property projects from Dima Group and Affiliated Companies to further our expansion. We intend to obtain more property management service agreements from Dima Group and Affiliated Companies through tender and bidding processes. According to the annual results of Dima for the year ended 31 December 2020, Dima Group was accredited by CRIC (克爾瑞) as one of top 20 real estate companies in the PRC which provide comprehensive property portfolio in 2020 (2020中國房企綜合產品力TOP100榜單之TOP20). CIA also accredited Dima Group as one of top 44 real estate development companies in the PRC in 2020 (2020中國房地產開發企業44強). Dima Group had land bank covering residential and commercial properties in major cities in the PRC, such as Chengdu, Suzhou, Zhengzhou, Chongqing, Changsha etc.. As at 30 September 2021, the land bank and total planned construction area of Dima were approximately 3.2 million sq.m. and 20.9 million sq.m., respectively. Having maintained a long-term and stable cooperation with Dima Group, we believe we are well-positioned to continue to benefit from the land bank of Dima Group, which we believe will continue to drive our growth going forward.

Expansion with collaboration with customers that are not part of Dima Group and Affiliated Companies

During the Track Record Period and as at the Latest Practicable Date, we provided services to Dima Group and Affiliated Companies as well as Independent Third Parties. Our customers who are Independent Third Parties include property developers of residential properties and non-residential properties, logistics companies, PRC government authorities, local and international schools, hospitals, consulate generals from various foreign countries, and branch offices in the PRC of Fortune Global 500 foreign-owned enterprises. As we aim to reduce our reliance on Dima Group and Affiliated Companies, we plan to obtain more property management service agreements from Independent Third Parties through tender and bidding processes as well as mergers and acquisitions. We have implemented various incentive measures to encourage our employees to obtain more information that would help us in winning the tender for property projects from Independent Third Parties. These information can be obtained through market research and analysis and communication with property developers and enterprises which require our services, leveraging our advantages in our resources, brands, capital and operational expertise. For further details, please refer to the paragraph headed "Sales and marketing" in this section below. In addition, we also plan to expand our business by collaborating with third party(ies). We believe we would be able to continue winning the tender and bidding processes of Independent Third Parties as well as collaborating with more third parties going forward, which we believe is significant to our reduction in reliance to Dima Group and Affiliated Companies and our expansion plan.

Continue to improve and enhance our brand awareness, service quality and customer satisfaction and loyalty

We believe that brand image plays an important role in influencing customers' decisions in acquiring our services. Our brands, namely "Dongyu (東御)", "YOULIFE (原•生活)", "原管家" (YOU Butler*) and 原•聚場 ("Our Space"), each being catered to a specific customer group, are critical to the success of our business. We believe that our brands help us to provide unified and clear messages about the type and level of services that we provide and enable us to maximise our market share by leveraging this differential positioning strategy to attract different customer groups. According to CIA, one of our brands, "Dongyu (東御)", is considered to be high-quality brand that is related to provision of property management in the PRC. Leveraging our "Dongyu (東御)"'s market status and reputation, we have been awarded "Featured brand of property management industry in China' for five consecutive years from 2016 and 2020. In addition, under our "Dongyu (東御)" brand, we were accredited by CIA as "Enterprise with high-end leading brand in property services in the PRC in 2020" (2020中國高端物業服務領先品牌企業) in 2020. For further details regarding our brands, please refer to the paragraph headed "Sales and marketing" in this section below.

We have devoted different resources to maintain and improve customer satisfaction to gain customer loyalty. We believe that a standardised service process enable us to provide services at a consistent and high-quality level. Our customers' acceptance to the upward adjustment in our property management fees in the past reflects their high level of satisfaction to our provision of services and their recognition to the quality of our services. For further details, please refer to the paragraph headed "Quality control – Quality control over our services" in this section below. According to CIA, it is difficult for property management companies in the PRC to increase their property management fees. Any upward adjustment in property management fees indicates customers being satisfied with the provision of services by the property management company and customers' loyalty and stickiness to such property management company. According to the customers' satisfaction report dated March 2020 and conducted by 北京賽惟諮詢有限公司 (Beijing Saiwei Consulting Company Limited*), an independent consulting company with focus on customers relationship in real estate industry, we were ranked first among 96 property management companies across the PRC in terms of property management services customers' satisfaction level in 2019. In addition, the key product customers' satisfaction level for the property management services was 94 in 2019. According to the customers' satisfaction report dated January 2021 and conducted by 北京賽惟諮詢有限公司 (Beijing Saiwei Consulting Company Limited*), the key product customers' satisfaction level for the property management services remained the same at 94 in 2020. For further details, please refer to the paragraph headed "Quality control – Quality control over our services" in this section below. As higher scoring is indicative of higher satisfactory level from the customers towards the property management service provider, with our scoring being higher than the average industry scoring, we believe the quality of our services are considered to be in high quality in general by our customers.

To enhance customer satisfaction and loyalty, as well as our brand value and market influence, we aim to continuously improve our service quality, optimise our service process and satisfy our customers' increasing demands for better living experiences leveraging our rich property management experience. In particular:

– As we emphasise on provision of people-oriented value-added services, we plan to further explore our customers' need and customise services we provide by upgrading and developing our intelligent technologies, including but not limited to, customers' data analysis and relationship management systems, smart community platform and system maintenance and monitoring platform. For further details, please refer to the section headed "Future plans and use of proceeds – Use of proceeds" in this prospectus.

  Through upgrading and developing the abovementioned systems, we believe we would be able to manage our customers' data in a more systematic way and more efficiently, thus analyze them more critically to refine our services, so that we can enhance customers' experience and satisfaction to our services by offering more tailored made services to them. Thus, it would convey a brand image to convert customers to loyal customers, as well as attract new customers for new engagements through word-of-mouth.

– We plan to continue featuring our "YOU Butler (原管家)" arrangement with a view to provide high-quality and customised butler, security, cleaning, repairs and maintenance services. Our "YOU Butler (原管家)" arrangement targets property owners and residents of property projects under our management, staffed with butlers to provide refined, considerate, personalised and diversified services to the property owners and residents. We believe such arrangement satisfies demand on high-quality services from our customers and enhance the loyalty of our customers, while at the same time improving our profitability; and

– We plan to continue organising diversified community activities, in particular through "Our Space", based on shared interests, connecting residents of property projects under our management, enabling them to socialise with each other and building a sense of community among them and providing better living experience accommodating our customers' demand.

We plan to use 16.50% of the net proceeds from the Global Offering in improving service quality and extending our service of offering along the value chain of property management to enhance our customer satisfaction and loyalty, as well as to satisfy differentiated demands from customers, further details of which is set out in the section headed "Future plans and use of proceeds – Use of proceeds" in this prospectus.

Continue to invest in technology to further enhance our competitiveness and operating efficiency

Property management industry is a labour intensive industry. We intend to upgrade our intelligent systems and develop new intelligent systems to reduce our operating costs, enhance such competitiveness and to enhance our operating efficiency. During the period ending 30 June 2024, we intend to engage independent technical expert and/or increase our investment in research and development to develop/or upgrade the project management systems, big data platform and integrated customers' fee settlement management platform. Each of these systems include sub-systems which we intend to upgrade and/or develop in different phases throughout the period ending 30 June 2024. Through developing and upgrading these systems, we aim to (i) keep record of each property project throughout its project cycle in a better manner so that we can provide quality services at a consistent level and efficiently; (ii) centralise the management of various systems we utilise during the course of our business which enable us to optimise our business operation and improve efficiency; and (iii) centralise the management of customers' settlement of fees through different means during the course of our business which enables us to optimise our management of our financial performance. For further details, please refer to the section headed "Future plans and use of proceeds – Use of proceeds" in this prospectus.

We plan to use approximately 8.50% of the net proceeds of the Global Offering to upgrade and develop our intelligent system and equipment, further details of which is set out in the section headed "Future plans and use of proceeds – Use of proceeds" in this prospectus.

Continue to expand along value chain and diversify our value-added service offerings

Our mission is to satisfy the needs of our customers by offering a wide range of value-added services, including both value-added services to non-property owners and community value-added services, which are expected to play a vital role in the sustainable development of our business. We plan to further diversify our value-added services to non-property owners, in particular. During the Track Record Period, our value-added services to non-property owners were mainly provided to property developers. We mainly plan to diversify our customer base by engaging non-residential properties related customers, such as industrial parks and hospitals, through merger and acquisitions as well as offering such services to our existing non-residential properties related customers which we provide property management.

We believe our experience of providing property management services to non-residential properties would put us in an advantageous position in understanding the operation of our customers. Thus, we would be able to offer appropriate value-added services to them which could address their operational needs as much as possible. In particular, we plan to diversify the portfolio of our value-added services to non-property owners by focusing on the market of value-added services for hospitals, medical-related companies. In 2020, we acquired Shengkang Group in a view to diversify our value-added services to non-property owners. The Shengkang Group first started to provide value-added services to hospitals, such as washing and disinfection of medical fabrics services and provision of medical-related necessities in hospitals for patients, in 2012. We believe that we have acquired sufficient know-how and expertise to operate and manage such businesses. Leveraging on experience, know-how and expertise from Shengkang Group, we are confident that our plan of expanding value-added services to hospital, medical-related companies will succeed. In addition, we also plan to provide catering services and serve as business agents for non-residential related customers, such as owners or operators of industrial parks and commercial properties.

With our continuous effort in developing and upgrading customers oriented systems, we intend to continue collecting and analysing customers' data to understand their needs. With evolving customers' needs and continuous development in different industries that our customers which are non-property owners belong to, we would introduce and expand our value-added services when we identify any new opportunities. We believe our diversified value-added services will enhance our customers' loyalty and improve our financial performance.

Continue to strengthen our corporate culture and attract, cultivate and retain talent to propel our growth

We believe a strong corporate culture will serve as the foundation for our future development. We plan to enhance our human resources management through:

(i) intensifying our on-campus recruitment efforts and collaborating with recruitment agency(ies) to recruit more talents;

(ii) promoting the sharing of knowledge and techniques among employees, organising internal trainings cover a variety of topics including, among others, orientation training, project manager training and butler trainings, to assist our employees with their development of various skills that are applicable to their roles and also enhance their productivity;

(iii) encouraging employees to participate in our management and decision-making processes, and cultivating a more inclusive culture; and

(iv) optimising a competitive and performance-based remuneration system and incentive mechanisms to provide fair and effective motivation for our employees. In particular, in 2019, Tianjin Partnership was set up for the purpose of holding our Shares for the Pre-IPO Share Award Scheme for certain senior managers. Such Pre-IPO Share Award Scheme rewards and recognises the contribution of certain key employees of our Group from time to time. For further details regarding the Pre-IPO Share Award Scheme, please refer to the section headed "13. Pre-IPO Share Award Scheme" in Appendix VI to this prospectus.

We believe our efficient talent recruitment and cultivation scheme will retain and attract staff who are able to deliver customers oriented and high quality services to our customers. Thus, it would enable us to stand out from our competitors and support our sustainable development in the future.

OUR BUSINESS MODEL

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

(i) property management services, including security services, cleaning services, landscaping services, facility management, repair and maintenance services, for:

- residential properties to property developers, property owners and residents; and
- non-residential properties, such as commercial properties, hospitals, governmental buildings and schools, to property owners or enterprises that operate in such premises;

(ii) community value-added services, mainly including:

- car parking spaces management services;
- car parking spaces and property sales services;
- public resources management services;
- property agency services;
- community events planning services;
- utility maintenance services; and
- renovation waste treatment services

to property owners and residents of property projects that we manage.

(iii) value-added services to non-property owners, mainly property developers, including, among others:

– sales assistance services;

– maintenance and renovation services;

– pre-delivery consultancy and inspection services; and

– additional tailored services.

The following table sets out a breakdown of our revenue by business lines during the Track Record Period:

	Year ended 31 December					
	2019		2020		2021	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Property management services	257,284	46.0	349,366	45.6	629,028	52.7
Community value-added services	175,474	31.4	204,797	26.7	286,851	24.0
Value-added services to non-property owners	126,396	22.6	212,639	27.7	277,544	23.3
Total	559,154	100.0	766,802	100.0	1,193,423	100.0

Property management services

Overview

We commenced our business by providing property management services to residential community sourced from Dima Group in Chongqing in 2004. We expanded our property portfolio by providing property management services to non-residential properties in 2013. We have grown our presence in the PRC by managing 325 property projects, including 133 residential communities and 192 non-residential properties, covering 51 cities across 16 provinces, autonomous regions and municipalities in the PRC as at 31 December 2021. The contracted GFA of residential properties and non-residential properties were approximately 33.6 million sq.m. and 9.2 million sq.m., respectively, as at 31 December 2021. The aggregate GFA under management of residential properties and non-residential properties were approximately 20.5 million sq.m. and 7.7 million sq.m., respectively, as at 31 December 2021. For most of property projects that we manage, we charge property management fees at a pre-determined fixed price per sq.m. per month. The remaining property projects were non-residential properties, including schools, government facilities, and foreign embassies in the PRC. Our property management fees for such property projects are mainly determined with reference to the number of staff that we designate to the relevant property project and the services scope and time spent by such staff for providing our services. The following table sets out the breakdown of our (i) contracted GFA; (ii) GFA under management; (iii) number of property projects; and (iv) number of property projects under our management as at the dates indicated:

	As at 31 December		
	2019	**2020**	**2021**
	GFA[Note]	*GFA*[Note]	*GFA*[Note]
	million sq.m.	*million sq.m.*	*million sq.m.*
Residential properties			
Contracted GFA	18.6	28.4	33.6
GFA under management	10.7	14.3	20.5
	Number	*Number*	*Number*
Number of property projects that our Group is contracted to manage	106	163	196
Number of property projects under our management	64	89	133
	GFA[Note]	*GFA*[Note]	*GFA*[Note]
	million sq.m.	*million sq.m.*	*million sq.m.*
Non-residential properties			
Contracted GFA	1.1	7.1	9.2
GFA under management	1.2	6.8	7.7
	Number	*Number*	*Number*
Number of property projects that our Group is contracted to manage	17	167	220
Number of property projects under our management	16	138	192

Note:

This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m., respectively.

General scope of our property management services

We provide property management services for various kinds of property projects in the PRC. The general scope of our property management services is as follows:

- *Security services* – we seek to ensure the safety of the property projects we manage. Our daily security services include patrolling, electronic access control, video surveillance, carpark security, fire safety management, visitor management and emergency response. We delegate certain security services to third-party subcontractors;

- *Cleaning services* – we seek to create a clean and tidy living environment, we provide general cleaning, garbage collection and pest control services for common areas of buildings and public facilities in property projects under our management. We delegate certain cleaning services to third-party subcontractors;

- *Landscaping services* – we provide landscaping services which mainly include plant watering and fertilisation for the greenery of our managed property projects through our own employees and third-party subcontractors; and

- *Common area facility management, repair and maintenance services* – we are generally responsible for maintenance of (i) common area facilities, such as lifts, escalators and central air conditioning facilities; (ii) fire and safety facilities, such as fire extinguishers and fire alarm systems; (iii) security facilities, such as entrance gates control and surveillance cameras; (iv) utility facilities, such as electricity generators, water pump room, water supply and drainage systems. We provide repair and maintenance services through our own employees and third-party subcontractors.

As at 31 December 2021, we employed 3,265 on-site personnel to provide property management services and engaged 279 third-party subcontractors to provide certain property management services, mainly including cleaning services, security services, landscaping services and repair and maintenance services.

Portfolio of properties under management

We manage a diversified portfolio of property projects, consisting of (i) residential properties; and (ii) non-residential properties, such as office buildings, shopping malls, schools, government facilities, public services facilities, foreign embassies in China, industrial parks and hospitals. The following table sets out a breakdown of total number of property projects that we managed and our total GFA under management by types of property projects as at the dates indicated, and the revenue generated from our property management services by types of property projects as well as their respective percentage of our total revenue generated from property management services during the Track Record Period:

	As at/For the year ended 31 December											
	2019				2020				2021			
	Number of property projects that we managed(3)	**GFA under management(4)**	**Revenue**		**Number of property projects that we managed(3)**	**GFA under management(4)**	**Revenue**		**Number of property projects that we managed(3)**	**GFA under management(4)**	**Revenue**	
		('000 sq.m.)	*(RMB'000)*	%		*('000 sq.m.)*	*(RMB'000)*	%		*('000 sq.m.)*	*(RMB'000)*	%
Residential properties(1)	64	10,711	193,515	75.2	89	14,279	272,040	77.9	133	20,512	366,442	58.3
Non-residential properties(2)	16	1,159	63,769	24.8	138	6,775	77,326	22.1	192	7,683	262,586	41.7
Total	80	11,870	257,284	100.0	227	21,054	349,366	100.0	325	28,195	629,028	100.0

Notes:

1. For the three years ended 31 December 2021, the proportion of our revenue generated from property management services provided with respect to residential properties sourced from Dima Group to our total revenue generated from property management services provided with respect to residential properties was approximately 83.7%, 74.9% and 69.5%, respectively. The proportion of our revenue generated from property management services provided with respect to residential properties sourced from the Affiliated Companies to our total revenue generated from property management services provided with respect to residential properties was approximately 8.9%, 9.6% and 9.7%, respectively, during the same period. During the Track Record Period, the proportion of our revenue generated from property management services provided with respect to residential properties sourced from the Independent Third Parties to our total revenue generated from property management services provided with respect to residential properties was approximately 7.4%, 15.5% and 20.8%, respectively.

2. For the three years ended 31 December 2021, the proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from Dima Group to our total revenue generated from property management services provided with respect to non-residential properties was approximately 97.8%, 86.2% and 27.1%, respectively. The proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from Affiliated Companies to our total revenue generated from property management services provided with respect to non-residential properties was nil, nil and nil, respectively, during the same period. During the Track Record Period, the proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from the Independent Third Parties to our total revenue generated from property management services provided with respect to non-residential properties was approximately 2.2%, 13.8% and 72.9%, respectively. The significant increase in the proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from the Independent Third Parties during the year ended 31 December 2021 as compared with that of the year ended 31 December 2020 was primarily attributable to the inclusion of the revenue generated from property management services provided with respect to non-residential properties of GSN Group, which was acquired by us in the second half of 2020.

3. Number of property projects that we managed include property projects for which we entered into relevant property management service agreements that did not specify the amount of GFA under management.

4. This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m., respectively.

During the Track Record Period, we generated a substantial portion of our revenue generated from property management services provided with respect to residential properties. While it is expected that we will continue to generate a large portion of our revenue from property management services provided with respect to residential properties, we continuously seek to diversify our property portfolio in non-residential properties. The proportion of our revenue generated from property management services with respect to non-residential properties to our total revenue generated from property management services increased from approximately 24.8% in 2019 to approximately 41.7% in 2021. Such increase in the proportion of our revenue generated from property management services with respect to non-residential properties is due to our acquisition of GSN Group and Shengkang Group in late 2020, which diversified our non-residential property portfolio. We believe that our industry experience and market recognition on the quality of our property management services differentiate us from our competitors, and we believe this will enable us to diversify our portfolio of property projects under management and further enlarge our customer base.

The following table sets out our gross profit and gross profit margin of our provision of property management by types of property projects during the Track Record Period:

	Year ended 31 December					
	2019		2020		2021	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Residential properties	32,029	16.6	62,939	23.1	85,987	23.5
Non-residential properties	13,306	20.9	19,150	24.8	59,573	22.7
Overall	45,335	17.6	82,089	23.5	145,560	23.1

The gross profit for both residential properties and non-residential properties were in an increasing trend during the Track Record Period, primarily due to the economies of scale resulted from the continuous increase in our business scale, the number of property projects that we managed and GFA under management during the same period. The gross profit margin for residential properties for the three years ended 31 December 2021, and the gross profit margin for all non-residential properties for the two year ended 31 December 2020 were also in an increasing trend primarily due to the aforementioned reasons. The gross profit margins for property management services provided with respect to non-residential properties decreased from 2020 to 2021 mainly because of the decrease in average property management fees rates we charged for non-residential properties resulting from (i) the lower fee charged by us for the commercial complex in Chongqing after its commencement of operation as we reduced our manpower and resources allocated to such property project; (ii) the discount to the property management fees rate given by us, which represented (a) about a one-third discount to property management fees rate for a notable tenant operating supermarket; and (b) waiver of one to three months of monthly property management fees rate for tenants during their respective renovation period, which amounted to approximately RMB400,000 in aggregate to certain tenants in a commercial complex in Chongqing pursuant to the relevant promotion strategies to attract notable tenants; and (iii) the increase in the number of non-residential property projects we sourced from Independent Third Parties as compared with that in the year ended 31 December 2020 and the majority of such property projects were located in third- and fourth-tier cities that we charged a relatively lower property management fees rate in general, which decreased the overall property management fees rate for non-residential properties in 2021 as compared with that of the year ended 31 December 2020.

Geographic presence

As at 31 December 2021, we operated across the PRC, mainly cities in Southwestern China and Eastern China, whereby we managed 325 property projects with an aggregate GFA under management of approximately 28.2 million sq.m. in 51 cities and were contracted to manage 416 property projects with an aggregate GFA of 42.9 million sq.m. in 68 cities.

The map below illustrates the geographic coverage of property projects that we were contracted to provide property management services as at 31 December 2021:

The table below sets out a geographical breakdown of our property projects as at the dates indicated:

	As at/For the year ended 31 December														
	2019					2020					2021				
	Number of property projects that we managed[1]	GFA under management[2]	Contracted GFA	Revenue	% of total revenue	Number of property projects that we managed[1]	GFA under management[2]	Contracted GFA	Revenue	% of total revenue	Number of property projects that we managed[1]	GFA under management[2]	Contracted GFA	Revenue	% to total revenue
		('000 sq.m.)	*('000 sq.m.)*	*(RMB'000)*	%		*('000 sq.m.)*	*('000 sq.m.)*	*(RMB'000)*	%		*('000 sq.m.)*	*('000 sq.m.)*	*(RMB'000)*	%
Chongqing	36	4,822	5,976	128,411	49.8	56	6,190	7,953	160,480	45.9	68	7,213	8,283	188,228	29.9
Sichuan Province[3]	18	4,100	4,695	66,058	25.7	24	4,774	6,258	82,238	23.5	39	6,308	7,707	97,989	15.7
Hubei Province[4]	12	1,672	4,534	43,119	16.8	14	2,444	4,718	61,154	17.5	23	4,023	5,949	84,368	13.4
Shanghai	4	404	572	9,607	3.7	29	1,383	1,480	17,291	5.0	44	2,274	2,251	75,124	11.9
Zhejiang Province[5]	4	418	1,039	5,832	2.3	13	2,809	3,588	11,488	3.3	19	3,007	3,896	23,504	3.7
Jiangsu Province[6]	2	156	826	2,515	1.0	29	1,569	2,428	7,495	2.2	36	2,432	3,242	47,404	7.5
Beijing	–	–	–	–	–	28	251	269	–	–	33	302	302	50,644	8.1
Others[7]	4	298	2,110	1,742	0.7	34	1,634	8,768	9,220	2.6	63	2,636	11,254	61,767	9.8
Total	80	11,870	19,752	257,284	100.0	227	21,054	35,462	349,366	100.0	325	28,195	42,884	629,028	100.0

Notes:

1. Number of property projects that we manage include property projects for which we entered into relevant property management service agreements that did not specify the amount of GFA under management.
2. This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 31 December 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m, respectively.
3. Sichuan Province refers to cities including Mianyang, Chengdu, Zigong, Nanchong, Meishan and Luzhou.
4. Hubei Province refers to cities including Wuhan, Jingzhou, Shiyan, Tianmen, Yichang and Enshi.
5. Zhejiang Province refers to cities including Yiwu, Taizhou, Pinghu, Hangzhou, Wenling, Ningbo, Lishui and Jiaxing.
6. Jiangsu Province refers to cities including Suzhou, Taicang, Jurong, Kunshan, Nanjing, Changzhou, Changshu, Huai'an, Yancheng, Wuxi, Xuzhou and Nantong.
7. Others refers to cities including Guiyang, Kunming, Ruili, Changsha, Foshan, Guilin etc.. For further details, please refer to the map above.

Sources of property projects

We typically procure our initial property management service engagements for residential properties from property developers through standard public tender procedures regulated by the relevant PRC law and regulations. During the Track Record Period, the property projects we managed were principally sourced from Dima Group and Affiliated Companies. For information regarding the business delineation between Dima Group and our Group, please refer to the section headed "Relationship with our Controlling Shareholders – Independence from our Controlling Shareholders and their respective close associates" in this prospectus.

The following tables set out the breakdown of (i) our revenue generated from the management of property projects; (ii) our GFA under management; and (iii) number of property projects that we managed based on the sources from which we obtained the relevant property projects as at the dates of or for the periods indicated:

	As at/For the year ended 31 December											
	2019				2020				2021			
	Number of property projects that we managed(2)	GFA under management(4)	Revenue		Number of property projects that we managed(2)	GFA under management(4)	Revenue		Number of property projects that we managed(2)	GFA under management(4)	Revenue	
		('000 sq.m.)	*(RMB'000)*	*%*		*('000 sq.m.)*	*(RMB'000)*	*%*		*('000 sq.m.)*	*(RMB'000)*	*%*
Property projects sourced from(1) Dima Group												
Residential properties	38	7,143	162,060	63.0	43	8,616	203,778	58.3	63	11,236	254,559	40.5
Non-residential properties	7	1,054	62,347	24.2	8	1,121	66,626	19.1	10	1,136	71,288	11.3
Sub-total	45	8,197	224,407	87.2	51	9,737	270,404	77.4	73	12,372	325,847	51.8
Property projects sourced from(1) Affiliated Companies												
Residential properties	4	908	17,204	6.7	6	1,401	26,047	7.5	10	1,719	35,536	5.6
Non-residential properties	–	–	–	–	–	–	–	–	–	–	–	–
Sub-total	4	908	17,204	6.7	6	1,401	26,047	7.5	10	1,719	35,536	5.6
Property projects sourced from(1) Independent Third Parties(3)												
Residential properties	22	2,659	14,251	5.5	40	4,262	42,215	12.0	60	7,557	76,347	12.2
Non-residential properties	9	106	1,422	0.6	130	5,654	10,699	3.1	182	6,547	191,298	30.4
Sub-total	31	2,765	15,673	6.1	170	9,916	52,914	15.1	242	14,104	267,645	42.6
Total	80	11,870	257,284	100.0	227	21,054	349,366	100.0	325	28,195	629,028	100.0

Notes:

1. The breakdown of revenue generated from the management of property projects is based on the sources from which our Group obtained the relevant property projects instead of the sources which we derived revenue from. For example, for a property project sourced from Dima Group, our Group may derive income from Dima Group, property owners and property owners' associations at different stages, depending on factors such as whether residential properties have been delivered to property owners and whether property owners' associations have been established.

2. Number of property projects that we managed include property projects for which we entered into relevant property management service agreements that did not specify the amount of GFA under management.

3. Refers to enterprises which are not part of Dima Group or Affiliated Companies, including, among others, third-party developers, property owners' associations and individual property owners.

4. This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m., respectively.

Benefiting from our organic growth and acquisition of companies during the Track Record Period, the number of property projects that we managed, GFA under management and contracted GFA increased significantly, which in turn our revenue increased as well. In particular, the increase in number of property projects that we managed and GFA under management for property projects that we sourced from Independent Third Parties increased the most, by over 7 times and 5 times respectively between 2019 and 2021. This was primarily due to our acquisition of Chongqing Shengdu, Hubei Zhonghe, Mianyang Ruisheng, Luzhou Kuayue and GSN Group during the Track Record Period with a view to diversify our customer base. For further details regarding the companies that we acquired during the Track Record Period, please refer to the section headed "History and development – Acquisitions during the Track Record Period" in this prospectus.

The following table set out a breakdown of our revenue from property management services by types of customers during the Track Record Period:

	Year ended 31 December					
	2019		**2020**		**2021**[2]	
	Revenue (RMB'000)	*%*	*Revenue (RMB'000)*	*%*	*Revenue (RMB'000)*	*%*
Property developers						
– Dima Group and Affiliated Companies	14,871	5.8	34,321	9.8	39,038	6.2
– Independent Third Parties	–	–	–	–	–	–
Sub-total	14,871	5.8	34,321	9.8	39,038	6.2
Property owners, property owners' associations and tenants						
– Dima Group and Affiliated Companies	2,018	0.8	3,173	0.9	4,438	0.7
– Independent Third Parties	240,395	93.4	311,872	89.3	585,552	93.1
Sub-total	242,413	94.2	315,045	90.2	589,990	93.8
Total	257,284	100.0	349,366	100.0	629,028	100.0

Property management fees

We adopt two fee models under which we charge property management fees on a lump sum basis or commission basis. During the Track Record Period, almost all our property management fees were charged on a lump sum basis, with the remainder were charged on a commission basis. The following table sets out a breakdown of number of property projects that we managed and total GFA under management based on the fee model as at the dates indicated and revenue generated from property management services based on the fee model during the Track Record Period:

	As at/For the year ended 31 December											
	2019				2020				2021			
	Number of property projects that we managed[(1)]	GFA under management[(2)]	Revenue	%	Number of property projects that we managed[(1)]	GFA under management[(2)]	Revenue	%	Number of property projects that we managed[(1)]	GFA under management[(2)]	Revenue	%
		('000 sq.m.)	*(RMB'000)*			*('000 sq.m.)*	*(RMB'000)*			*('000 sq.m.)*	*(RMB'000)*	
Lump sum basis	79	11,616	253,322	98.5	225	20,781	345,358	98.9	322	27,795	624,974	99.4
Commission basis	1	254	3,962	1.5	2	273	4,008	1.1	3	400	4,054	0.6
Total	80	11,870	257,284	100.0	227	21,054	349,366	100.0	325	28,195	629,028	100.0

Notes:

1. Number of property projects that we managed include property projects for which we entered into relevant property management service agreements that did not specify the amount of GFA under management.

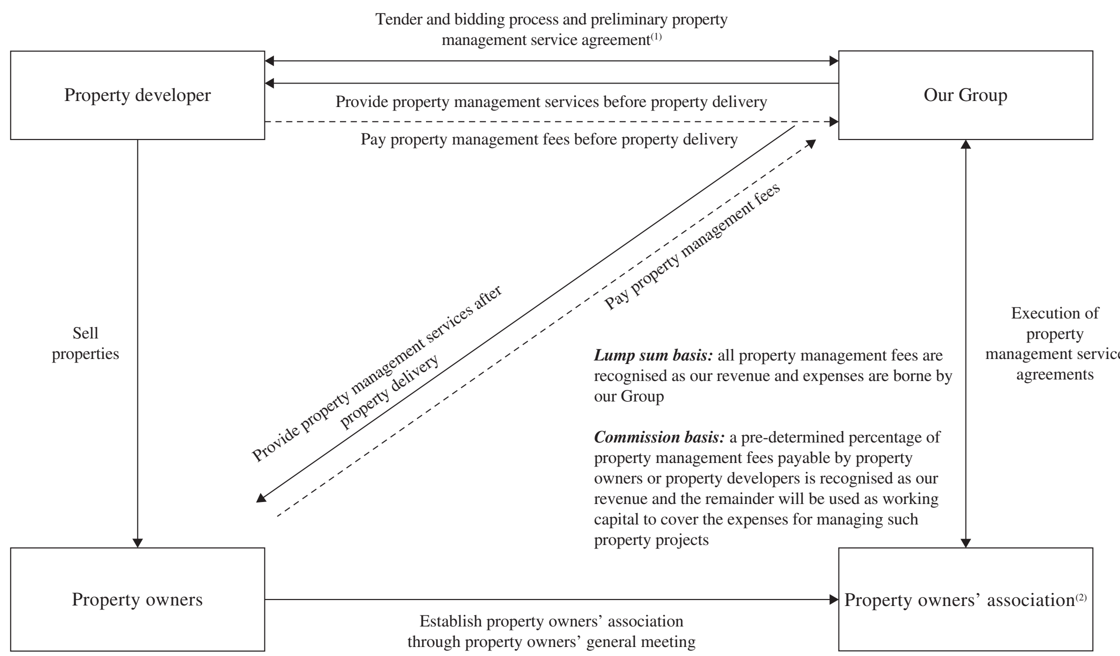
2. This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m, respectively.

We determine whether to charge fees on a lump sum or commission basis if it is not specified in the tender documents. When we determine whether to charge fees on a lump sum or commission basis, we take into account of a number of factors, including but not limited to, estimated costs of managing the property project, personalised requirements for managing such property project, projected profitability, local regulations, local market condition and the nature and characteristics of individual properties.

The following table sets out the material differences between our property management fees charged based on a lump sum basis and commission basis:

	Lump sum	**Commission**
Revenue recognition	We recognise the full amount of our property management fees paid by property developers, property owners and residents as revenue	We recognise a pre-determined percentage (which generally ranged from 10% to 12% during the Track Record Period) of our property management fees paid by property developers, property owners and residents as revenue
Costs incurred in our provision of property management services	We bear the costs incurred in providing our property management services	The remainder of our property management fees is used as working capital to cover the costs we incurred in providing our property management services and we generally do not bear the costs in providing our property management services
Shortfall or surplus between general property management fees and costs incurred in our provision of property management services	If the amount of property management fees received is not sufficient to cover all costs incurred, we are not entitled to request our customers to pay us the shortfall	We are not responsible for any shortfall if the amount of our property management fees received is not sufficient to cover all the costs incurred. Any shortfall or surplus is to be borne by property developers, property owners and residents

The following diagram illustrates the two fee models under which we manage residential properties:



Notes:

(1) The property developer can enter into a preliminary property management service agreement with us and such agreement is legally binding on the property owners before the property owners' association is established in accordance with applicable PRC laws. Upon properties being delivered to property owners, property owners are responsible for payment of property management fees (for the portion of the respective property projects they own) to our Group.

(2) A property owners' association is authorised by law to act on behalf of the property owners. It is not mandatory under applicable PRC laws and regulations that a property owners' association must be established. The establishment of a property owners' association is subject to votes by relevant property owners in their general meetings, and such meetings shall be held upon application by the property owners constituting a quorum and under the guidance of relevant government authorities. For further details regarding the establishment of a property owners' association, please refer to the section headed "Regulatory overview – Legal supervision over property management services – Appointment of property management companies" in this prospectus.

Property management fees charged on a lump sum basis

Our revenue from property management service agreements on a lump sum basis represented approximately 98.5%, 98.9% and 99.4% of our total revenue from property management service during the Track Record Period.

Under the lump-sum fee model, we charge a fixed and "all-inclusive" fee for our property management services which we provide through our employees and third-party subcontractors, and our property management fees are generally charged on either a monthly or quarterly 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.

Prior to negotiating and entering into our property management service agreements, we seek to prepare, as accurate as possible, an estimate of our cost of sales. Our cost of sales primarily includes labour costs, subcontracting costs, utilities and facility operating costs, costs for maintenance of public facilities, raw material costs and other expenses. As a result, the costs incurred in the provision of property management services to a property project have a direct impact on our profitability. In the event that our cost is higher than anticipated, the amount of property management fees we collect during the term of the relevant agreement may not be sufficient to cover all the expenses incurred. Thus, as we are not entitled to request our customers to pay for the shortfall, we may not able to sustain our profit margins. Please refer to the section headed "Risk factors – Risks relating to our business and industry – We may subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis" in this prospectus for discussion of the related risks. We incurred loss in an aggregate amount of approximately RMB0.12 million and RMB0.01 million, respectively, with respect to one and one property project which was managed on a lump sum basis for the two years ended 31 December 2020. We no longer incurred loss for such property project that we managed during the year ended 31 December 2021 and we recorded a profit of approximately RMB0.29 million during the same time for such property project. The reversal of the loss position for the year ended 31 December 2021 was due to effective cost control measures adopted by us, including (i) implementation of automated management, e.g. cleaning robots, automatic license plate recognition system, property management fee online payment software, etc.; (ii) implementation of environmentally friendly measures, e.g. adopting energy-saving light bulbs in public areas and carparks; (iii) sub-contracting cleaning and security service to third-party subcontractors.

In light of (i) our Group had only incurred loss in one property project in each year during the two years ended 31 December 2020, (ii) the decreasing trend of the loss incurred by such property project in each year during the two years ended 31 December 2020, being an aggregate amount of approximately RMB0.12 million and RMB0.01 million, respectively, (iii) such property project has turned to profit as of 31 December 2021, and (iv) our Group has implemented a series of policies and measures to control its budget and cost, our Directors are of the view, that the measures adopted by our Group in relation to loss-making property projects are adequate and effective.

During the Track Record Period, there were no loss-making property projects with no GFA amount specified.

Property management fees charged on a commission basis

Our revenue from property management service agreements on commission basis represented approximately 1.5%, 1.1% and 0.6% of our total revenue from property management service during the Track Record Period.

Under the commission fee model, we generally collect a pre-determined percentage of the total amount of property management fees payable by our customers on either a monthly or quarterly basis, depending on the terms of our property management service agreements, which generally represent a range of 10% to 12% of the property management fees payable to us under the relevant property management service agreement. We recognise the commission fee as revenue, while the remainder 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 residential communities on a commission basis, we essentially act as an agent of the property owners and residents. As the management offices of these residential communities have no separate bank accounts, all transaction related to such management offices are settled through our treasury function. As at 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 at that reporting period and paid through our treasury function to arrange for property management services at the relevant property project, the shortfall is recognised 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 property owners, residents or property developers (after deducting the fees receivables by us as the property manager) over the costs and expenses associated with the provision of property management services to the property. Therefore, we do not recognise any direct cost under property management service agreements charged on a commission basis in general. Such costs are borne by the property owners, residents and property developers.

Agreements for our property management service

Residential properties

We generally enter into (i) preliminary property management service agreements with property developers at the pre-delivery stage of property projects; and (ii) property management service agreements with property owners' associations upon the establishment of which for the property projects that have been delivered. After the delivery of property projects by the property developers to the property owners, the property owners may form and operate a property owners' association to manage the property projects. When residential properties that have already been delivered and property owners' associations have been established, we may negotiate with the newly formed property owners' associations for the terms of new property management service agreements.

The following table sets out the number of residential property projects that we managed, contracted GFA, GFA under management by stage of property projects as at the dates indicated:

	As at/For the year ended 31 December											
	2019				2020				2021			
	Number of property project that we managed[(1)]	**GFA under management[(2)]**	**Contracted GFA**	**Revenue**	**Number of property project that we managed[(1)]**	**GFA under management[(2)]**	**Contracted GFA**	**Revenue**	**Number of property projects that we managed[(1)]**	**GFA under management[(2)]**	**Contracted GFA**	**Revenue**
		('000 sq.m.)	*('000 sq.m.)*	*(RMB'000)*		*('000 sq.m.)*	*('000 sq.m.)*	*(RMB'000)*		*('000 sq.m.)*	*('000 sq.m.)*	*(RMB'000)*
Preliminary stage	43	8,046	15,347	157,737	59	10,717	24,481	218,915	85	14,263	27,051	281,378
Property owners' association stage	21	2,665	3,292	35,778	30	3,562	3,885	53,125	48	6,249	6,598	85,064
Total	64	10,711	18,639	193,515	89	14,279	28,366	272,040	133	20,512	33,649	366,442

Notes:

1. Number of property projects that we managed include property projects for which we entered into relevant property management service agreements that did not specify the amount of GFA under management.

2. This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m, respectively.

Property owners and residents are legally obligated to pay us property management fees, while we continue providing services to those property projects during the negotiation period. If, upon the expiration of the initial term of the preliminary property management service agreements, the property owners' association has not been formed or a new property management service agreement has not been entered into with the property owners' association, the preliminary property management service agreements will typically remain effective until a new property management service agreement with the property owners' association is entered into. In cases where we have signed preliminary property management service agreements without fixed terms and no property owners' association is formed after delivery of the property projects, or after the expiration of the preliminary property management service agreements with fixed terms, where property owners did not hire new property management service provider and we continued to provide property management services, property owners and residents are also obligated to pay property management fees directly to us for the services we continue to render.

Under the relevant PRC law, property owners' associations represent the interests of property owners in matters concerning property management. Decisions that are within the authorised scope of the property owners' association are binding on all property owners. Agreements entered into between property owners' associations on behalf of property owners 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 agreements. Thus, we have legal rights against property owners for outstanding property management fees. Property owners and residents have the right to be informed of and to supervise the use of public funds, review our annual budget and any plans we prepare in relation to topping-up the public funds or our property management services in general. Property owners are jointly liable with the residents of their property projects for the payment of property management fees.

During the Track Record Period, a substantial part of our revenue from property management services for residential properties was generated from preliminary property management service agreements entered into with property developers, which accounted for approximately 61.3%, 62.7% and 44.7% of our revenue from property management services, respectively.

Non-residential properties

For non-residential properties, we enter into property management service agreements with customers, such as the property owners and entities that operate at the relevant properties. Our relationships with various parties under property management service agreements for non-residential properties is similar to our relationships with various parties under property management service agreements for residential properties.

Typical key terms set out in property management service agreements

The following table sets out the typical key terms that are set out in our property management service agreements with property developers, property owners' associations and property owners and/or entities that operate such property project:

	Residential properties		**Non-residential properties**
	Property developers	***Property owners' associations***	***Property owners and/or entities that operate such property project***
Scope of service	Typically include cleaning services, security services, landscaping services and repair and maintenance services.	Typically include cleaning services, security services, landscaping services and repair and maintenance services.	Typically include cleaning services, security services and/or repair and maintenance services.
Performance standards	Sets out the scope of expected standards, such as the frequency with which certain types of services are performed.		
Property management fees	Sets out the amount of property management fees payable, either in a lump sum or commission basis. The property developer is responsible for paying the property management fees for the units that remain unsold.	Sets out the amount of property management fees payable, either in a lump sum or commission basis. Property owners and residents are responsible for paying the property management fees, which shall be proportional to the size of the GFA they occupy. If they request other services not covered by our general scope of services, they shall also pay service fees either as separately agreed under the relevant contracts entered into between property owners and us or as set out in our standard fee schedules applicable to the specific property projects.	Sets out the amount of property management fees payable, generally on a monthly basis.

	Residential properties		Non-residential properties
	Property developers	*Property owners' associations*	*Property owners and/or entities that operate such property project*
Obligations of property developer/ property owners' associations and residents/ property owners (where applicable)	The property developer is primarily responsible for, among others, ensuring its property buyers understand and commit to their obligations in relation to the payment of property management fees after delivery of properties, and providing sufficient space and other support necessary for carrying out our contractual obligations.	The property owners' association is primarily responsible for, among others, ensuring that property owners and residents understand and commit to their obligations in relation to the payment of property management fees, providing us with office facilities and other support necessary for carrying out our contractual obligations and reviewing or supervising plans and budgets that we may draw up in relation to our services.	Property owners or entities that operate such property project (where applicable) are responsible for, among others payment of property management fees in the agreed manner, and providing us with office facilities and other support necessary for carrying out our contractual obligations.
Term of service, termination and renewal	In general, expire only when the relevant property owners' association is established and a new property management service agreement is entered into.	In general, such agreement have fixed terms typically for a duration of three to five years.	In general, such agreement have fixed terms typically for a duration of one to three years.
Dispute resolution	Parties to the agreement are typically required to resolve any contractual disputes through negotiations first before resorting to litigation or arbitration.		

Tender and bidding process

Generally, our property management service agreements are obtained by participating in tenders and bidding, a process where property developers, property owners or property owners' associations evaluate and select from multiple property management service providers. Invitations to tenders and bidding are usually issued by property developers for properties under development, or from property owners' associations for residential properties. According to the relevant PRC regulations, property management companies are required to obtain preliminary property management service agreements for residential properties through participation in the tender and bidding process. If there are fewer than three bidders for any 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. Please refer to the section headed "Regulatory overview – Legal supervision over property management services – Appointment of property management companies" in this prospectus for further details regarding the relevant legal requirements on tender and bidding processes. A tender and bidding process is also required for engaging property management service providers for services over a certain contract amount in relation to non-residential properties owned by the PRC government agencies, institutions or organisations according to the Government Procurement Law of the PRC (《中華人民共和國政府採購法》) and relevant laws and regulations. As advised by our PRC Legal Advisers, we are not required to obtain our non-residential property projects through tender and bidding process.

We conduct feasibility analyses and financial projections before taking on a new engagement, taking into account a variety of factors, such as the profile and size of the property project, estimated costs of managing the property project, projected profitability, competitive landscape of the local market, any applicable regulatory requirement and potential synergy with our other business, such as value-added services.

The following table sets out our success rate of entering into property services agreements with such customer type by participating in the tender and bidding process thereof during the Track Record Period:

	Year ended 31 December		
	2019	2020	2021
	%	%	%
Dima Group	100.0	100.0	100.0
Affiliated Companies	100.0	100.0	–
Independent Third Parties(*Note*)	68.0	78.0	87.3

Note: Refers to enterprises which are not part of Dima Group or Affiliated Companies, including, among others, third-party developers and property owners' associations.

A typical tender and bidding process primarily involves the following stages:

- **Invitation** – The property developer/property owners' association/property owner may publish an announcement to invite potential bidders or issue private invitations to at least three qualified bidders setting out the specifications and requirements for the tendered property management project.

- **Tender and bidding submission** – Bidders submit tender and bidding documents to the property developer/property owners' association/property owner which generally contain proposed pricing, proposal and plan for property management and other information as specified by the tender and bidding invitation.

- **Evaluation** – The property developer/property owners' association/property owner will establish a tender and bidding evaluation committee to review and rank the submitted tenders and bids. The tender and bidding evaluation process must comply with the requirements of relevant PRC laws and regulations. The tender and bidding evaluation committee generally takes into account factors such as credentials, service quality, availability of capital and proposed fee levels when it evaluates the proposals.

- **Selection** – Based on its evaluation, the tender and bidding evaluation committee recommends to the property developer/property owners' association/property owner and ranks the top three bidders. The property developer/property owners' association property owner will generally confirm the top one bidder as the winner and proceed to arrange for necessary notification.

- **Notification of award and execution of agreement** – The property developer/property owners' association/property owner must file the result of the tender and bidding with the relevant local authorities within 15 days upon confirmation of the award. The property management service agreement so awarded to the winner is expected to be signed within 30 days upon issuing the notification of the award.

Movement of number of property management service agreements

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

	As at 31 December					
	2019		**2020**		**2021**	
	Contracted GFA	**GFA under management[4]**	**Contracted GFA**	**GFA under management[4]**	**Contracted GFA**	**GFA under management[4]**
	('000 sq.m.)	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*
At the beginning of the year	11,212	7,526	19,752	11,870	35,462	21,054
New engagements[1]	7,257	3,493	13,856	7,204	8,188	7,570
Acquisitions[2]	1,974	1,542	2,304	2,286	–	–
Termination[3]	691	691	450	306	766	429
As at the end of the year	19,752	11,870	35,462	21,054	42,884	28,195

Notes:

1. Primarily include (i) new property management service agreements; and (ii) new GFA delivered to our Group for our management pursuant to existing property management service agreements. Renewed agreements are not counted as new engagements.

2. Refer to property projects that we obtained through acquisition of companies during the Track Record Period.

3. Primarily include the termination of three, two and five property management service agreements with our customers prior to the expiry of the respective property management service agreement after negotiations and mutual consents during the three years ended 31 December 2021, respectively, and two expired but not renewed property management service agreement during the year ended 31 December 2021. The revenue derived from these property management agreements amounted to approximately RMB3.0 million, RMB3.5 million and RMB2.0 million during the three years ended 31 December 2021, respectively. The reasons for termination of these property management agreements prior to their expiry included primarily (i) the risks and defects of certain facilities in the properties which could not be repaired within a short period of time and without incurring a huge repair cost; and (ii) previous property management service providers refused to hand over the management files and package properly.

4. This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m., respectively.

During the Track Record Period, our retention rate was approximately 92.5%, 97.5% and 97.4%, respectively.

During the Track Record Period, we have participated in tender and bidding process for property projects sourced from Dima Group and Affiliated Companies and other third parties for both residential properties and non-residential properties. During the Track Record Period, our success rate of obtaining property management service agreements from participating in tender and bidding processes of Dima Group was 100.0%, 100.0% and 100.0%, respectively. Similarly, our success rate of obtaining property management service agreements from participating in tender and bidding processes of Affiliated Companies was 100.0%, 100.0% and nil, respectively during the Track Record Period. During the Track Record Period, our success rate of obtaining property management service agreements from participating in tender and bidding processes of Independent Third Parties was approximately 68.0%, 78.0% and 87.3%, respectively. We believe that the increase in our tender and bidding success rates during the Track Record Period was indicative of the market's recognition of the quality of our services.

We generally procure our property management service agreements from property developers, property owners, property owners' associations and entities that operate property projects that we managed mainly through (i) tender and bidding process procedures regulated by applicable PRC laws; or (ii) commercial negotiation pursuant to approvals obtained from relevant local authorities or otherwise not compulsorily required by the relevant local authorities. However, during each year of the Track Record Period, we had four, 11 and 11 preliminary property management service agreements from property developers, one of which was from Dima Group and the rest were from Independent Third Parties, which did not conduct the tender and bidding process under PRC laws and regulations and the compulsory requirement of relevant local authorities (the "**Relevant Property Management Projects**"), respectively. Our revenue for property management service agreement from the Relevant Property Management Projects accounted for less than 2.0% of our total revenue for each of the three years ended 31 December 2021. The total contracted GFA as at the end of each year during the Track Record Period in relation to the Relevant Property Management Projects were approximately 0.4 million sq.m., 1.4 million sq.m. and 1.4 million sq.m., respectively.

As confirmed by our Directors, the lack of a tender and bidding process for the selection of property management service providers for the Relevant Property Management Projects was not caused by us but the relevant property developers. According to Article 24 of the Regulations on Property Management (《物業管理條例》), property developers should select property service providers via tendering and bidding process. According to Article 56 of the same regulations, if property developers do not select property service providers in accordance with Article 24 (i.e. no tendering and bidding process has been adopted or the selection of property service providers was not approved by the relevant authorities), the real estate administrative authorities of the local people's government at county level or higher shall order the property developer for rectification, give warning to the property developer and may impose a fine of less than RMB100,000 on such property developer. As advised by our PRC Legal Advisers, there are no specific laws and regulations in the PRC which set out administrative penalties upon property management service providers for failing to entering into preliminary property management service agreements through a tender and bidding process. It is the responsibility on the part of the property developers to select property service providers by tendering and bidding. As advised by our PRC Legal Advisers, based on the written confirmations obtained by us from the relevant competent authorities in Chongqing city, Kunming city and Sichuan province, the risk of us being subject to any legal penalties in relation to obtaining the property projects without participation in tender and bidding process is remote.

As advised by our PRC Legal Advisers, Articles 24 and 56 of the Regulations on Property Management (《物業管理條例》) are provisions for regulating the procedures of selecting property service providers, from an administrative angle and do not deny validity of any act, they are considered as non-validity provisions of such regulation. According to the relevant provisions of the Guiding Opinions on Several Issues Concerning the Trial of Civil and Commercial Contract Dispute Cases under the Current Situation* (《關於當前形勢下審理民商事合同糾紛案件若干問題的指導意見》(法發[2009]40號)), the People's Court shall find a contract invalid if it violates the validity provisions of the mandatory provisions (強制性規定) of laws and administrative regulations. As advised by our PRC Legal Advisers, Mr. Xi Xiaoming, the vice president of the Supreme People's Court of the PRC, clearly pointed out in his speech at the National Conference on Civil and Commercial Judgment titled "Giving Full Play to the Function of Civil and Commercial Judgment To Provide Judicial Guarantee for Building a Harmonious Socialist Society (《充分發揮民商事審判職能作用為構建社會主義和諧社會提供司法保障》)", that only the violation of mandatory provisions of laws and administrative regulations would lead to invalidation of a contract. Mandatory provisions are categorised into administrative provisions and validity provisions. Validity provisions are provisions which explicitly provided that the violation of which would lead to invalidation of a contract, or if the continuation of contract would harm the state interest and public interest, violation of the validity provisions would invalidate a contract even though it is not expressly provided. Administrative provisions refer to the laws and administrative regulations which do not explicitly provide the violation of such provisions would lead to the invalidity of the contract. Administrative provisions are intended to regulate and set out punishments but not to invalidate any act. Therefore, a contract should only be considered invalid if the validity provision of mandatory provision is violated. Based on the above, as the relevant regulations requiring tender and bidding process for entering into the preliminary property management service agreements are procedural provisions, instead of mandatory provisions, our PRC Legal Advisers are of the view, that the lack of tender and bidding process for entering into the preliminary property management service agreements of the Relevant Property Management Projects (i) does not violate the validity provision of the mandatory provisions of the laws and administrative regulations; (ii) shall not affect the validity of these agreements as stipulated under the Civil Code of the PRC; and (iii) the income generated from the Relevant Property Management Project is not non-compliant income. In light of the view of the PRC Legal Advisers as set out above and after consulting the Sole Sponsor's PRC legal advisers, the Sole Sponsor concurs with the view of our PRC Legal Advisers that the income generated from the Relevant Property Management Project should not constitute non-compliant income of our Group. Our Directors also confirm that, based on the advice from our PRC Legal Advisers, the fact that these property projects did not go through the required tender and bidding process will not have any material adverse impact on our business, financial position or results of operation. For further details, please refer to the section headed "Risk factors – Risks relating to our business and industry – Our property management service agreements may have been obtained without going through the required tender and bidding process" in this prospectus.

As at the Latest Practicable Date, we were not aware of any administrative penalty or any notice of potential administrative penalty from the relevant competent authorities on the relevant property developers/property owners' associations/property owners in relation to any required tender and bidding process for our property management service agreements.

The following table sets out the expiration schedule of our property management service agreements as at 31 December 2021:

	As at 31 December 2021			
	Project under management		Contracted but undelivered projects	
	Number of agreements	Contracted GFA *('000 sq.m.)*	Number of agreements	Contracted GFA *('000 sq.m.)*
Property management service agreements without fixed terms	117	15,414	33	4,924
Property management service agreements with fixed terms expired on/expiring in:				
– Year ended 31 December 2021	6[Note]	42	–	–
– Year ending 31 December 2022	159	8,181	4	285
– Year ending 31 December 2023 and beyond	74	7,983	23	6,054
Total	356	31,620	60	11,263

Note: As at the Latest Practicable Date, we were negotiating with some of such customers on renewing the property management service agreements that expired as at ended 31 December 2021.

During the year of 2019, 2020 and 2021, two, two and nil preliminary property management service agreements with a fixed term had expired within such relevant year (i.e. excluding those expired as at the relevant year end), respectively. We have either renewed all of them or continued to provide property management services pursuant to the original preliminary property management service agreements, representing a renewal rate of 100.0%, 100.0% and 100.0% for preliminary property management service agreements respectively.

Pricing of property management fees

We generally price our services by taking into account factors, such as characteristics, locations, our budget, target profit margins, property owners' and residents' profiles, the scope and quality of our services, the local government's guidance price on property management fees, where applicable, and the pricing of comparable properties located in the same area. We regularly evaluate our financial information to assess whether we are charging sufficient property management fees to sustain our profit margins. During renewal negotiations for our property management service agreements, we may raise our property management fees 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, and we are also subject to pricing controls issued by the PRC Government. According to the Measures on the Charges for Property Management Services (《物業服務收費管理辦法》) (jointly issued by the NDRC and the Ministry of Construction on 13 November 2003 and taking effect on 1 January 2004) and the relevant local regulations, where property management fees are priced under the government guidance, the competent price government department with pricing authority together with the competent real estate administrative department shall set the benchmark prices and the range of variations depending on factors, such as (i) the specific property type, which may include higher-level apartment buildings with elevators and lower-level apartment building without elevators; (ii) service scope, which may specify different types of services, such as landscaping, repair and maintenance for common areas and elevator maintenance; and (iii) the grading criteria of property management fees, and publish these prices and the range of variations at regular intervals. As advised by our PRC Legal Advisers, policies regarding price controls on property management fees vary among different provinces and cities in the PRC. As Chongqing contributed the highest revenue for our property management services among all cities/provinces during each of the three years ended 31 December 2021 (representing approximately 49.8%, 45.9% and 29.9% of our total revenue derived from property management services during the Track Record Period respectively), for the details of the relevant price controls policies in Chongqing, please refer to the section headed "Regulatory overview – Legal supervision over property management services – Fees charged by property management companies" in this prospectus.

As at 31 December 2019, 2020 and 2021, there were 27, 36 and 59 property projects under management that were subject to government guidance price, respectively, with an aggregate GFA under management of approximately 4.7 million sq.m., 6.4 million sq.m. and 9.8 million sq.m., respectively. Such property projects contributed an aggregate revenue of approximately RMB72.7 million, RMB103.3 million and RMB152.5 million in 2019, 2020 and 2021, respectively, which accounted for approximately 28.2%, 29.6% and 24.2% of our total revenue derived from property management services during the same periods, respectively. As advised by our PRC Legal Advisers, the property management fees charged by us complied with the relevant PRC laws and regulations in relation to such pricing control during the Track Record Period and up to the date of this prospectus.

The following table sets out the gross profit margin of the property projects that are subject to government guidance price and property projects that are not subject to government guidance price during the Track Record Period:

	For the year ended 31 December		
	2019	**2020**	**2021**
Property projects that are subject to government guidance price	16.5%	22.2%	21.8%
Property projects that are not subject to government guidance price	18.1%	24.0%	23.6%
Overall	**17.6%**	**23.5%**	**23.1%**

For property projects that are not subject to government guidance price, we typically enjoy greater flexibilities in determining the pricing of the property management fees of these property projects. During the Track Record Period, there were no material differences between the gross profit margins for the property projects that are subject to government guidance price and those that are not.

According to CIA, our property management fees were generally in line with the market trends with respect to property management fees charged by property management companies in the PRC during the Track Record Period. The following table sets out the average property management fees rate that we charged for property projects that we sourced from Dima Group, Affiliated Companies and Independent Third Parties, which are determined by the GFA that we provided property management during the Track Record Period:

	For the year ended 31 December		
	2019	**2020**	**2021**
	(RMB per sq.m. per month)		
Residential properties*(Note 1)*			
– Dima Group	2.78	3.04	3.00
– Affiliated Companies	2.76	2.79	2.66
– Independent Third Parties*(Note 2)*	1.44	1.66	1.84
Non-residential properties*(Note 1)*			
– Dima Group	7.73	13.23	7.92
– Affiliated Companies	–	–	–
– Independent Third Parties*(Note 2)*	–*(Note)*	3.09	2.34
Overall	2.94	3.38	2.85

Notes:

1. The average property management fees rate that we charged for property projects sourced from Dima Group, Affiliated Companies and Independent Third Parties is based on the sources from which our Group obtained the relevant property projects instead of the sources which we derived revenue from. For example, for a property project sourced from Dima Group, our Group may derive income from Dima Group, and property owners, depending on factors such as whether residential properties have been delivered to property owners.

2. Refers to enterprises which are not part of Dima Group or Affiliated Companies, including, among others, third-party developers, property owners' associations. No average property management fees rate per sq.m. was calculated for the year ended 31 December 2019 as our property management fees for non-residential properties sourced from Independent Third Parties during the same period were not determined with reference to the GFA of the property projects that we manage. Our property management fees were determined with reference to the number of staff that we designated to the relevant property project and the services scope and time spent by such staff for providing services.

During the Track Record Period, the average property management fees rate for residential properties we charged for property projects that we sourced from (i) Dima Group, being approximately RMB2.78 per sq.m. per month, RMB3.04 per sq.m. per month and RMB3.00 per sq.m. per month, respectively; and (ii) Affiliated Companies, being approximately RMB2.76 per sq.m. per month, RMB2.79 per sq.m. per month and RMB2.66 per sq.m. per month, respectively. The average property management fees rate for residential properties we charged for property projects that we sourced from each of Dima Group and Affiliated Companies was higher than the industry's average property management fees rate for residential properties charged in top 20 cities in the PRC, including, among others Beijing, Shanghai, Guangzhou, Shenzhen, Wuhan, Chongqing and Nanjing, which was approximately RMB2.19 per sq.m. per month in 2019 and RMB2.33 per sq.m. per month in 2020, according to the CIA. For further details regarding the industry's average property management fees rate for residential properties, please refer to the section headed "Industry overview – The PRC property management industry – Major fee models in the PRC property management industry" in this prospectus.

The average property management fees rate we charged for residential properties that we sourced from Dima Group and Affiliated Companies during the Track Record Period was within the industry's range of property management fees rate for newly developed properties that are located in the first-tier and second-tier cities in the PRC.

The average property management fees rate we charged for residential properties that we sourced from Independent Third Parties was lower than the industry's average since residential properties that we sourced from Independent Third Parties are primarily older properties that are located in Southwestern China that we charged relatively low property management fees rate in general. In respect of non-residential properties, we generally record higher average property management fees rate as compared to the same for residential properties since the entry barrier of managing non-residential properties is relatively higher.

For reasons of fluctuation in the average property management fees rate that we charged for property projects (including both residential and non-residential properties) that we sourced from Dima Group, Affiliated Companies and the Independent Third Parties, please refer to the section headed "Financial information – Major items in the consolidated statements of comprehensive income – Revenue" in this prospectus.

The following table sets out the range of property management fees rate we charged for newly developed residential properties that we sourced from different types of customers based on different tiers of cities in the PRC for the three years ended 31 December 2021:

	For the three years ended 31 December								
	2019			2020			2021		
	Dima Group	Affiliated Companies	Independent Third Parties	Dima Group	Affiliated Companies	Independent Third Parties	Dima Group	Affiliated Companies	Independent Third Parties
	RMB per sq.m. per month	*RMB per sq.m. per month*	*RMB per sq.m. per month*	*RMB per sq.m. per month*	*RMB per sq.m. per month*	*RMB per sq.m. per month*	*RMB per sq.m. per month*	*RMB per sq.m. per month*	*RMB per sq.m. per month*
First-tier cities	N/A(Note)	3.41	N/A(Note)	6.86	3.39	N/A(Note)	4.35-6.86	3.40	N/A(Note)
Second-tier cities	N/A(Note)	2.11	N/A(Note)	0.86 – 6.11	2.78	N/A(Note)	1.87-6.86	1.77-2.98	N/A(Note)
Third-tier and fourth-tier cities	2.87	N/A(Note)	N/A(Note)	2.40	1.08	0.71 – 1.70	1.52-3.00	2.03	0.91-1.54

Note: We did not provide any property management services to newly developed properties that we sourced from such type of customers and are located in relevant location in the PRC.

According to CIA, as property management fees are determined based on several factors, including but not limited to, (i) any unique ancillary facilities featured in such property project; (ii) location of the property project; (iii) budget of the property developer/property owners; (iv) target profit margin; (v) scope and quality of services to be provided for provision of property management services; (vi) conditions of residents and property owners; (vii) governmental restrictions on property management fees rate (if any); and (viii) property management fees rate for comparable properties in the vicinity of the property project. According to CIA, the industry's average property management fees rate for residential management properties in first-tier and second-tier cities in the PRC is generally higher than the same in lower tier cities in the PRC. In 2020, the industry's property management fees rate for residential properties ranged between (i) RMB1.8 per sq.m. per month and RMB7.95 per sq.m. per month in first-tier cities; (ii) RMB1.0 per sq.m. per month and RMB6.5 per sq.m. per month in second-tier cities; and (iii) RMB0.8 sq.m. per month and RMB3.95 per sq.m. per month in third-tier and fourth-tier cities in the PRC, and there were no material changes in such fee range between 2019 and 2021. In addition, according to CIA, newly developed properties typically charge relatively higher property management fees rate as compared with that of older properties. As a result, newly developed properties with larger scales located in the first-tier and second-tier cities in the PRC (such as Shanghai and Chongqing, respectively) typically charge relatively higher property management fees rate while older properties located in third-tier and fourth-tier cities (such as Suzhou and Mianyang, respectively) typically charge relatively lower property management fees rate. The average property management fees rate that our Group charged for property projects sourced from Dima Group, Affiliated Companies and Independent Third Parties as compared to the average property management fees rate charged by our Group's industry peers for property projects of a similar scale in the vicinity are as follows:

	Dima Group *(RMB per sq.m. per month)*	**Affiliated Companies** *(RMB per sq.m. per month)*	**Independent Third Parties** *(RMB per sq.m. per month)*	**Our Group's industry peers[1]** *(RMB per sq.m. per month; and industry range)*
First-tier cities				
Shanghai (Pudong, Fengxian)	6.86	3.39	–	4.5; 2.2 to 8.0
Second-tier cities				
Chongqing (Jiulongpo, Shapingba, Nan'An), Chengdu (Wenjiang, Wuhou), Wuhan (Hongshan)	3.34	2.78	–	2.9; 1.8 to 4.9
Third- and Fourth-tier cities				
Suzhou, Mianyang, Luzhou, Zunyi, Honghe, Tianmen, Qinhuangdao	2.40	1.08	1.25	1.3; 0.8 to 4.0

[1] *Source:* CIA

Since the majority of the aforementioned range of property management fees rate we charged for residential properties that we sourced from Dima Group, Affiliated Companies and Independent Third Parties during the Track Record Period were within the industry's range of property management fees rate for residential properties in first-tier and second-tier cities in the PRC, our Directors are of the view that the respective property management fees rate we charged for residential properties that we sourced from Dima Group, Affiliated Companies and Independent Third Parties are comparable to market rates.

The following table sets out the average property management fees rate per sq.m. per month that we charged by property type and by that the paying customers who are property developers, which are determined by the GFA that we provided property management during the Track Record Period:

	For the year ended 31 December		
	2019	**2020**	**2021**
	(RMB per sq.m. per month)		
Residential properties	2.82	2.66	2.76
– Dima Group and Affiliated Companies (as paying customers who are property developers)	2.88	3.13	3.03
– Independent Third Parties (as paying customers who are property developers)	0.91	1.05	1.28
Non-residential properties	9.33	5.34	5.37
– Dima Group and Affiliated Companies (as paying customers who are property developers)	9.33	9.07	10.31
– Independent Third Parties (as paying customers who are property developers)	/	3.09	2.41
Overall	3.35	3.04	3.04

Notes:

1. The above property management fees rate refers to the relevant property management agreements which were signed with property developers. As such, property management agreements which were signed with property owners, property owners' associations and tenants were excluded from the above table.

The average property management fees rate that we charged for residential properties on Dima Group and Affiliated Companies as paying customers who are property developers was typically higher than that we charged on Independent Third Parties as paying customers who are property developers, primarily due to the property management fees rate charged for Dima Group and Affiliated Companies as paying customers who are property developers included residential property projects which were located in the first-tier and second-tier cities in the PRC, including Shanghai and Chengdu, that we charged relatively higher property management fees rate on average for. However, property management fees rate charged for Independent Third Parties as paying customers who are property developers included residential property projects which are situated in third-tier and fourth-tier cities. According to CIA, the industry's average property management fees rate for residential properties in first-tier and second-tier cities in the PRC is generally higher than the same in lower tier cities in the PRC. As such, our Directors consider the difference in the average property management fees rate that we charged for residential properties on (i) Dima Group and Affiliated Companies as paying customers who are property developers and (ii) Independent Third Parties as paying customers who are property developers was primarily attributable to the difference in locations in which these residential property projects are situated as explained above.

The average property management fees rate that we charged for non-residential properties on Dima Group and Affiliated Companies as paying customers who are property developers was typically higher than that charged on Independent Third Parties as paying customers who are property developers, primarily due to the fact that property management fees rate charged on Dima Group and Affiliated Companies as paying customers who are property developers primarily included non-residential properties, including commercial complexes, which are situated in second-tier cities in the PRC, such as Chongqing and Chengdu, during the Track Record Period. In particular, we commenced providing property management services to a commercial complex in Chongqing in late 2020, which features more complementary facilities, such as a large outdoor amphitheater space and various art pieces exhibition areas, and we allocated more manpower and resources to provide additional property management services at the initial stage of our services period, in which we charged relatively higher property management fees rate for. However, property management fees rate charged on Independent Third Parties as paying customers who are property developers primarily included non-residential properties which are (i) industrial parks; and (ii) commercial properties, which feature only relatively basic facilities without utilities such as central air-conditioning, which we typically charge a relatively lower property management fees rate. As stated above and according to CIA, property management fees would be affected by factors such as the ancillary facilities featured in such property project. As such, lower property management fees were typically charged for commercial properties which feature only relatively basic facilities, as compared to that of commercial properties with better facilities according to CIA. As such, our Directors consider the difference in the average property management fees rate that we charged for non-residential properties and that the customers are property developers as well as being (i) members of Dima Group and Affiliated Companies and (ii) Independent Third Parties was primarily attributable to the difference in the types and quality of the non-residential properties as explained above.

For certain number of property projects that we manage, in particular non-residential properties including property projects in which the branch offices in the PRC of a few Fortune Global 500 foreign-owned enterprises, foreign embassies in the PRC and schools are located, as no GFA amount was specified in the relevant property management service agreement, we do not charge our property management fees based on the size of areas in which we provide property management services. Instead, we charge on lump sum basis per property project that we manage based on the number of staff that we utilised for managing such property project each month. We determined the relevant property management fees on a "cost-plus" basis, which we estimate the total labour costs to be incurred based on the property projects requirement, including scales of the properties, types of staff required and quality of services to be required, plus a mark-up added on top, which is determined by our Group.

The revenue contributed from property projects which have no GFA amount specified in the relevant property management service agreements amounted to approximately RMB3.0 million, RMB10.1 million and RMB191.2 million for the three years ended 31 December 2021 respectively, accounting for approximately 1.2%, 2.9% and 30.4% of our total revenue derived from property management services during the same time respectively. The average property management fee per staff per month for these property projects amounted to approximately RMB3,000, RMB4,400 and RMB4,470 during the three years ended 31 December 2021, respectively. Our revenue for such property projects which have no GFA amount specified in the relevant property management service agreements increased by approximately 18 times between 2020 and 2021 due to our acquisition of GSN Group and Shengkang Group in the second half of 2020, the revenue of which are mainly contributed from property projects which generally have no GFA amount specified in the relevant property management service agreements.

We have undertaken various internal measures to reduce cost and maintain profitability for our property management services. For example, to reduce our operational costs, we have outsourced certain labour-intensive services such as cleaning and repair and maintenance of elevator services, to third-party subcontractors.

Payment and credit term

We may charge property management fees on a monthly basis, depending on the terms of our property management service agreements. The fees for property management services are typically due for payment by our customers upon our issuance of a demand note. We typically demand payment for our property management services upon receipt of the demand note by our customers which, according to CIA, is consistent with the property management industry norm in the PRC. We primarily accept payments for property management fees by cash or through online transfers, bank card, auto-pay or third-party payment platforms.

To facilitate the timely collection of property management fees and other payments, we may send payment reminders to our customers in writing on a monthly basis. In relation to the collection of outstanding property management fees, we remind our customers of the outstanding amount through phone calls. We categorise customers of the outstanding amount according to the respective number of months from the original due date and the nature of the property project. For example, if the outstanding fees remain unpaid for more than one year but within two years after the original due date for residential property that we manage, we would categorise such customer as high risk. We will assess the level of outstanding amount from customers across all property projects that we manage from time to time. We may file a lawsuit against a customer to claim the outstanding amounts when we consider the relevant customer as high risk or above. Please refer to the sections headed "Financial information – Description of certain consolidated balance sheet – Trade and other receivables" and "Risk factors – Risks relating to our business and industry – We may not be able to collect property management fees from customers and as a result, may incur impairment losses on receivables" in this prospectus for more information on our trade receivables and related risks thereof. To the extent permitted by the relevant PRC law and regulations, we charge our customers for utility fees in relation to water and electricity consumed by public facilities, public equipment and common areas, in proportion to the total GFA under management that they occupy and in addition to agreed-upon property management fees.

Community value-added services

Leveraging our long-term experience and professional teams for the provision of property management services, we provide a wide range of community value-added services to property owners and residents of our managed property projects to address their lifestyle needs, enhance their living experience and create a healthier and more convenient community which may, in turn, elevate our brand name and increase customer loyalty. For the three years ended 31 December 2021, our revenue generated from community value-added services amounted to approximately RMB175.5 million, RMB204.8 million and RMB286.9 million, representing approximately 31.4%, 26.7% and 24.0% of our total revenue respectively. Our community value-added services primarily include, but not limited to the following services:

- **Car parking spaces management services** – We manage both fixed and temporary car parking spaces. The property ownership rights of car parking spaces for which we provide such services belong to property developers and property owners. Our management services generally include entry or exit control, cleaning, surveillance and collection of car parking fees. The car parking fees collected by us from tenants who use the car parking spaces on behalf of property owners are made either on a periodic basis for permanent car parking spaces according to the relevant property management service agreements or one-off basis for temporary car parking spaces.

- **Car parking spaces and property sales services** – We may be contracted to provide car parking spaces agency services that involve selling usage rights of car parking spaces owned by the property developers. The property developers remain the property owners of the unsold car parking spaces located in the property projects that they developed and sell the usage rights through us. Apart from car parking spaces that are owned by the property developers, some of the car parking spaces that we sold during the Track Record Period consisted of the car parking spaces that we purchased from Dima Group. From 2017, being when delivery of properties of the property project where the car parking spaces we subsequently acquired using rights thereof are located at commenced, and immediately prior to our purchase, Dima Group had a total of 1,142 car parking spaces in such property project. There were 722 car parking spaces remained unsold by Dima Group immediately prior to our purchase. To the best of our Directors' knowledge and belief, Dima Group wished to sell such car parking spaces in one go by bulk disposal so that they could have better allocation of their resources. To the best of our Directors' knowledge and belief, Dima Group would have to allocate resources, such as labour, to such property project for sale of the remaining car parking spaces, as long as they remained unsold. Given we have been managing such property project and we intended to diversify our community value-added services at the relevant time, after arm's length negotiation, we acquired the usage rights of those 722 remaining car parking spaces from Dima Group in 2018, at an aggregate consideration of RMB70.7 million. To the best of our Directors' knowledge and belief, Dima Group utilised the consideration paid by us as general working capital and was able to allocate their resources then located at the aforementioned property project, such as labour, to their other property projects. After our acquisition, such car parking spaces usage rights are considered to be our inventories. As we act as a principal for sales of such car parking spaces to our third-parties customers, revenue derived therefrom is recognised when the control of the car parking spaces is transferred to our customers. As advised by CIA, there have been circumstances where certain large-scale property developers in the PRC disposed of car parking spaces in bulk after a period of time from delivery of units in same property project. In addition, CIA is of the view that it is fair and reasonable to sell car parking spaces at a greater discount by bulk disposal, as compared to sale of car parking spaces one by one through commission since the risk is no longer to be borne by property developers, as sellers, after bulk disposal. In addition, Dima Group also disposed of car parking spaces to other Independent Third Parties by bulk disposal at consideration with a discount level similar to us. Based on the foregoing, our Directors are of the view that the aforementioned bulk purchase of car parking spaces usage rights from Dima Group is not unique practice in real estate industry in the PRC. As at 31 December 2021, 473 car parking spaces remained unsold, with fair value of approximately RMB45.9 million. As sales of car parking spaces usage rights were relatively low subsequent to the Track Record Period, we intend to monitor the sales of remaining car parking spaces in such property project before making any decision to explore the possibility of further acquiring car parking spaces from Dima Group and/or Independent Third Parties in bulk in the future. For further details, please refer to the section headed "Financial information – Description of certain consolidated balance sheet – Inventories" in this prospectus. Fees payable for our provision of such services are usually charged at a fixed mark-up rate with reference to the sales amount. During the Track Record Period, all our revenue generated from car parking spaces and property sales services are derived from Dima Group and Affiliated Companies. Please refer to the section headed "Summary – Our business" for details of the revenue, gross profit and gross profit margin for our car parking spaces and property sales services during the Track Record Period.

- **Public resources management services** – We are devoted to increasing our income by optimising the common area of the property projects we manage, such as publishing advertisement in common areas, for example, basements, elevators and outer wall advertising spaces and rental of common areas. We charge fees for our public resources management services by collection a portion of the fees on behalf of property owners in accordance with the relevant PRC law and regulations and we generate revenue by receiving service fees as an agreed percentage as stipulated in the property management service agreements. We enter into separate agreements with our customers, such as third party entities and individuals, in relation to such services.

- **Property agency services** – We provide commercial property sales and leasing agency services to property developers and property owners in relation to the properties sales promotion, searching for suitable tenants or buyers, and coordination of contract signing and payment by the potential tenants or buyers. We generally charge our services at a fixed percentage of the contract purchase price or rental income (where applicable). Our fees are typically paid by property owners or the buyers according to the relevant sale or lease contract.

- **Community events planning services** – "Our Space" is a community living brand, implementing the concept of aesthetic life, interaction between parents and children, and drama and art ("生活美學、親子互動、戲劇藝術"). We mainly organise community events for residents of properties that we manage and property developers under the brand of "Our Space". We generally charge our customers for provision of community events planning services at a fixed lump sum. For further details regarding "Our Space", please refer to the paragraph headed "Sales and marketing – Branding" in this section below.

- **Utility maintenance services** – We may charge property owners and residents in the property projects that we manage an utility maintenance service fee, being a fixed mark-up rate with reference to the amount of utility being consumed by them.

- **Renovation waste treatment services** – Upon delivery of newly constructed properties from property developers to property owners and residents, property owners and residents would renovate such properties. We may be contracted by property owners and/or residents in the property projects that we manage to provide renovation waste treatment services, including liaising with renovation companies on behalf of them and other services related to renovation as may be required by such customers. We typically charge our customers a fixed fee with reference to the size of the property under renovation.

For public resources management services, we are authorised under the property management service agreements or under property owners' consents of a certain scale as required by the PRC law to lease out the common areas on behalf of the property owners. We generally recognise an agreed portion of the income generated from such services as our revenue in accordance with the property management service agreement.

For the provision of community value-added services which involves the collaboration with third-party merchants, we screen and select suitable merchants based on a number of factors including price competitiveness, quality of products or services and responsiveness to demands of customers. We may select a few third-party merchants to provide certain products or services to managed communities within the same region, considering the nature of the product or service in question and the operating scale and capability of the merchants to cater to the different needs and preferences of the residents in such communities. We adopt strict entry threshold and quality control measures to ensure the quality of products or services provided by third-party merchants. We typically enter into written collaboration agreements with merchants, setting out, among other things, referral fee rates, settlement mechanisms, logistics for deliveries of products or services and liability for compensation. We may retain quality warranty deposit from third-party merchants for any potential dispute arising from their services or products, and may replace a third-party merchant in the event of substandard performances.

The following table sets out a breakdown of our revenue generated from our provision of community value-added services by types of customers during the Track Record Period:

	Year ended 31 December					
	2019		**2020**		**2021**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Dima Group	67,796	38.6	82,178	40.1	105,065	36.6
Affiliated Companies	4,236	2.4	3,480	1.7	8,586	3.0
Independent Third Parties*(Note)*	103,442	59.0	119,139	58.2	173,200	60.4
Total	175,474	100.0	204,797	100.0	286,851	100.0

Note: Refers to customers which are not part of Dima Group or Affiliated Companies, including, among others, property owners and residents of the residential communities that we managed.

During the Track Record Period, Dima Group (excluding the Group) and Affiliated Companies did not provide community value-added services directly themselves. To the best of our Directors' knowledge and belief, after making all reasonable enquiries, neither Dima Group nor Affiliated Companies engaged other companies to provide such services to properties managed by our Group during the Track Record Period. Therefore, the total costs incurred by Dima Group and Affiliated Companies for community value-added services provided to properties managed by our Group were all attributable to our Group.

The bases for determining fees charged by our Group for each type of community value-added services provided to Dima Group and Affiliated Companies are as follows which are the same as those we charge our Independent Third Party customers:

Service	Pricing basis
Car parking spaces management services	We price our car parking spaces management services between RMB20-100 per unit per month based on negotiations with customers and with reference to the local guidance price, such car parking management service fees are set out in the parking service provisions as set out in the property management service agreements which have been filed in accordance with the relevant property management regulations and other legal provisions. Based on the above, our Directors are of the view that our Group complies with all relevant requirements in such aspects.
Car parking spaces and property sales services	Market rate – We generally charge our services at a fixed percentage of the contract purchase price in the range of approximately 1.0% to 2.0% regarding property sales and approximately 70% to 100% of the monthly rental regarding leasing during the Track Record Period, which was in line with the industry average according to CIA.
Community events planning services	Based on the cost of agreed scope of work and standard with mark-up.
Public resources management services	Based on an agreed portion of income generated from such services in accordance with the property management service agreements.
Utility maintenance services	Market rate – We charge property owners and residents in the property projects that we manage a utility maintenance service fee, being a fixed mark-up rate with reference to the amount of utility being consumed by them.

During the Track Record Period, our Group did not provide any property agency services and renovation waste treatment services to Dima Group and Affiliated Companies, save for immaterial revenue derived from renovation waste treatment services provided to Dima Group in 2019.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaint from property owners, residents and tenants nor have we been involved in any material legal proceedings with respect to the products or services provided by third-party merchants.

Value-added services to non-property owners

We also offer value-added services to non-property owners, such as property developers and other property management companies, to address their various needs arising throughout various stages of property development and management. During the Track Record Period, our revenue generated from our value-added services to non-property owners amounted to approximately RMB126.4 million, RMB212.6 million and RMB277.5 million, respectively, representing approximately 22.6%, 27.7% and 23.3% of our total revenue respectively. Our value-added services to non-property owners primarily include, but not limited to the following services:

- **Sales assistance services –** We may be contracted by property developers at an early stage of property development to provide sales assistance services. We help property developers with their preparation of on-site marketing activities, including cleaning, security, maintenance of display units, visitor management and hospitality services. We provide part of sales assistance services, such as cleaning and security, through third-party subcontractors.

- **Maintenance and renovation services** – We may be contracted by property developers for their existing property projects to provide maintenance and renovation services, which include fire prevention facilities, machinery, electrical and associated works. We may provide such services through third-party subcontractors.

- **Pre-delivery consultancy and inspection services** – We provide preliminary planning and design consultancy services to property developers who expect to use our expertise in property management to improve their sales and marketing performance. Focusing on the expectation of the end-users of the property, we advise property developers during planning and construction stage from a view of the future owners, residents and property management companies, with the intention to provide better property management services after the delivery of the relevant properties to property owners. We also help the property developer assess various planning documents and offer insight on the design and construction plans of the properties, including those related to landscaping, electricity systems, waste disposal and drainage systems. We also provide on-site inspection assistance services during the construction to help monitor the construction progress and identify any quality issues that need to be fixed. In addition, we may be employed by property developers to conduct construction quality inspection of properties before property delivery. Our work may include deploying staff or conduct on-site quality checks based on the quality guidelines provided by the property developers, assess any quality issues, report to the property developer and conduct any follow-up visits to ensure the issues have been resolved.

- **Additional tailored services** – We may be contracted by enterprises, such as property developers, to provide additional tailored services, such as preliminary sales and delivery assistance, and consultancy and trainings regarding property repair and security, directly to such customers as may be required by them for their properties or in relation to particular areas or facilities of their properties. We may be also contracted by enterprises, such as hospitals, to provide washing and disinfection of medical fabrics services and provision of medical-related necessities in hospitals for patients. Depending on the nature of the other services required, we may provide additional tailored services our customers through our employees and/or third-party subcontractors.

The following table sets out a breakdown of our revenue generated from our provision of value-added services to non-property owners by types of customers during the Track Record Period:

	Year ended 31 December					
	2019		**2020**		**2021**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Dima Group	88,601	70.1	155,849	73.3	182,094	65.6
Affiliated Companies	33,535	26.5	38,482	18.1	35,704	12.9
Independent Third Parties*(Note)*	4,260	3.4	18,308	8.6	59,746	21.5
Total	126,396	100.0	212,639	100.0	277,544	100.0

Note: Refers to enterprises which are not part of Dima Group or Affiliated Companies, including, among others, third-party developers.

During the Track Record Period, Dima Group (excluding the Group) and Affiliated Companies did not provide value-added services to non-property owners directly themselves. To the best of our Directors' knowledge and belief, after making all reasonable enquiries, neither Dima Group nor Affiliated Companies engaged other companies to provide such services to properties managed by our Group during the Track Record Period. Therefore, the total costs incurred by Dima Group and Affiliated Companies for value-added services to non-property owners provided to properties managed by our Group were all attributable to our Group.

The bases for determining fees charged by our Group for each type of value-added services to non-property owners provided to Dima Group and Affiliated Companies are as follows which are the same as those we charge our Independent Third Party customers:

Service	**Pricing basis**
Sales assistances services	Based on the number of staff that we assigned for the provision of such services and standard with mark-up
Maintenance and renovation services	Cost-plus basis
Pre-delivery consultancy and inspection services	Standard rate per sq.m., ranging from RMB2 per sq.m. to RMB7 per sq.m., which varies according to (i) the types of property project (e.g. residential, commercial); and (ii) the appraisal value[Note] of inspection services *Note: Appraisal value refers the ratio of the number of defects that should be found but are not found in the inspection of a property project*
Additional tailored services	Cost-plus basis

We generally charge a fee for the provision of value-added services to non-property owners on transaction basis, which is either based on our actual cost or at a fixed fee, taking into account of the nature and scope of services, the headcount and positions of the staff we deploy and the size, location and position of the property projects involved. We charge a fixed mark-up rate for our sales assistance services, maintenance and renovation services and additional tailored services on a "cost-plus" basis. In respect of our sales assistance services, we do not charge any fees for sales assistance services to property developers with reference to the sales amount, instead we charge fees for sales assistance services to property developers mainly based on the number of staff that we assigned for provision of such services. During the Track Record Period, the fixed fees we charged for pre-delivery consultation and inspection services ranged from RMB2 per sq.m. to RMB7 per sq.m.. Fees charged for other value-added services were determined upon commercial negotiation with reference to our estimated resources input and expenses. We generally do not give a credit term to customers for this business segment.

During the Track Record Period, we generated a substantial portion of our revenue from value-added services to non-property owners from Dima Group and Affiliated Companies. For the three years ended 31 December 2021, our revenue from Dima Group for value-added services to non-property owners amounted to approximately RMB88.6 million, RMB155.8 million and RMB182.1 million, representing approximately 70.1%, 73.3% and 65.6% of our total revenue from value-added services to non-property owners, respectively. All of our agreements with Dima Group for non-value added services were obtained through commercial negotiations, which is permitted by law and regulations as advised by our PRC Legal Advisers and in line with the industry practice as advised by CIA. Our Directors believe that those agreements are comparable with other third-party property management companies which also provide similar services to Dima Group.

The term of our contracts for value-added services to non-property owners is generally set to expire when the customers notify us that our services are no longer required.

RECENT CHANGES IN THE REGULATORY ENVIRONMENT OF THE PRC REAL ESTATE MARKET

In 2020 and 2021, there have been recent changes in the regulatory environment of the PRC real estate market. The relevant PRC regulatory authorities, including but not limited to, MOHURD, published (i) the Property Management Notice in December 2020; and (ii) Continuous Improvement Notice in July 2021.

Continuous Improvement Notice

The Continuous Improvement Notice aims to rectify and standardise the real estate market order in the PRC by highlighting main focuses for improvement. Examples of the main focuses are as follows:

- *Property construction activities* – issues such as late delivery and poor quality of construction works etc.;

- *Property development business* – behaviours such as publication of fraudulent advertisements and hoarding of properties etc.;

- *Property management business* – behaviours such as not providing services that are in accordance with the scope and standard of services set out in the property management service agreement, not charging property management fees rate in accordance with the property management service agreements, using the common space of the property project that such property management service provider manage without consents from the property owners etc..

According to the Continuous Improvement Notice, sampling inspections shall be performed on property developers and property management service providers across the PRC in order to identify and collate information regarding circumstances that would lead to the occurrence of issues set out in the main focuses. In the event that a property developer or property management service provider is found to be involved in any of the issues set out in the main focuses, (i) penalty, such as participation in warning interviews, suspension of business, revocation of relevant licence, would be imposed on such enterprise; and (ii) the penalty measures imposed on such enterprise would be publicised.

According to CIA:

(a) the Continuous Improvement Notice emphasises on standardising specific operational-related regulations set out in the Civil Code of the PRC, the Regulations on Property Management and other provisions;

(b) the issuance of the Continuous Improvement Notice focuses on (i) improving systems and mechanisms; and (ii) standardising market order, which helps to resolve existing problems and issues in the property management industry in the PRC;

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

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

For further details, please refer to the section headed "Industry overview – Growth drivers of PRC property management industry – Favourable policies for the property management industry" in this prospectus.

As property construction activities and property development businesses are our upstream activities and businesses along the value chain of real estate industry, the implementation of Continuous Improvement Notice may indirectly affect our business operations. Having considered that (1) there have not been any delays for those new property projects which are expected to be delivered or handed over for our management after the publication of the Continuous Improvement Notice; (2) there have not been any material delays in repayment from our major customers (including but not limited to Dima Group and Affiliated Companies) after the publication of the Continuous Improvement Notice; (3) to the best of our Directors' knowledge and belief, none of our major customers which are property developers have been subject to inspection under the Continuous Improvement Notice; (4) we were not under investigations and subject to any penalties imposed by governmental authorities regarding our provision of services during the Track Record Period and up to the Latest Practicable Date; and (5) the quality of our Group's services have been recognised by different entities as well as its customers (for further details, please refer to the paragraph headed "Quality control – Quality control over our services" and "Award and recognitions" in this section), our Directors are of the view that the implementation of the Continuous Improvement Notice is not expected to have material impact on our Group's business operation and financial performance both in short term and long term.

As advised by our PRC Legal Advisers, given we, during the Track Record Period and up to the date of this prospectus, (i) have complied with the requirements set out in the Continuous Improvement Notice in material aspects, such as providing property management services in accordance with the scope and standard of services set out in the relevant property management services agreement entered into with our customers as required by the Continuous Improvement Notice; (ii) had no material pending litigation or proceeding relating to the performance of property management service agreements; and (iii) were not subject to any material fines or administration penalties due to non-compliance with or violation of the Continuous Improvement Notice, we had complied with the Continuous Improvement Notice in all material aspect.

The Property Management Notice

The Property Management Notice accelerates the development of the property management industry and promotes high-quality of property management services. Different aspects covered in the Property Management Notice, the relevant requirements and their respective impact on us are as follows:

Formulation of property owners' association

The relevant requirements regarding formulation of property owners' association include:

- a negative list for members of the property owners' association to perform their duties shall be established;
- frequent trainings shall be provided to members of property owners' association to improve the ability of members in performing their duties in accordance with laws and regulations;
- members of property owners' association shall authorise property owners' association to exercise decision-making power to use funds held in co-ownership by property owners within a certain amount through general property owners' meetings; and
- property owners' association shall supervise property owners in compliance with laws, regulations, management bye-laws – should property owners fail to pay repeatedly property management fees, such default behaviour may be recorded in such property owners' personal credit records.

Our Directors are of the view that the abovementioned requirements would help to (i) enhance the protection and enforcement of the rights of property management service providers contemplated under the property management service agreements entered into with property owner' association; and (ii) reduce the chance of property owners default in payment of property management fees, which would eventually benefit our business operations and financial performance.

Property management service contracting

The relevant requirements regarding formulation of property owners' association include:

- Tender and bidding process:
    - a credit evaluation system for property management service providers, which could be utilised for assessment of property management service providers during tender and bidding process, shall be set up and be available on a national credit information platform;
    - supervision of tender and bidding process shall be strengthened where guidance shall be provided to property owners' association in selecting property management service providers during tender and bidding process;
    - blacklist system shall be established to identify property management service providers that materially violate laws and regulations and provide poor quality services;
- property management fees rate:
    - property management fees rate and the adjustment mechanism thereof shall be set out in the property management service agreement;
    - price determination of property management service rate shall be based on (i) market rate; and (ii) with reference to the ones suggested by the relevant regulatory authority and industry association;
    - apart from those set out in property management service agreement, no extra service fees shall be charged to property owners;
- scope of services:
    - expansion of areas that require provision of property management services, by including streets and older neighbourhood in vicinity of the relevant property project.

According to CIA, the Property Management Notice emphasises on enhancing different aspects of the provision of residential property management in the PRC which include, among others, improving the structure of property owners' association, improving the level of property management services, promoting the development of community services, and regulating the use and management of maintenance funds to strengthen the supervision and management of property services. Other relevant government authorities also promulgated detailed policies related to the various aspects of developing smart cities. These policies provide comprehensive support and clear guidance on smart city development for property management companies in the PRC.

During the Track Record Period and up to the date of this prospectus, we were not under investigations and subject to any penalties imposed by governmental authorities regarding our provision of services. In addition, the quality of our services have been recognised by different entities as well as our customers (for further details, please refer to the paragraphs headed "Quality control – Quality control over our services" and "Award and recognitions" in this section below). As such, our Directors are of the view that we would not be adversely affected by the establishment of the credit evaluation system and a more scrutinised tender and bidding process.

In respect of requirements regarding property management fees rate, we believe that the implementation of the Property Management Notice would lead to price determination of property management fees rate to be more transparent. Since we believe that we have been providing consistent and value for money property management services to our customers, with a more transparent market, our Directors are of the view that the relevant requirements would enhance our competitiveness and our chance to be engaged by more new independent customers.

In respect of requirements regarding the scope of services, as we consider ourselves to be an experienced property management service provider in the PRC, with the requirement to extend our services to streets and older neighbourhoods in the vicinity of property projects that we manage, our Directors are of the view that the implementation of the Property Management Notice would (i) extend our property management services to surrounding neighbourhoods; and (ii) extend our value-added services to residents living in such areas which would ultimately expand our customer base beyond our existing customer group.

Use of biometric authentication

The relevant requirements encourage the use of artificial intelligence, including biometric authentication during the provision of services.

As at the Latest Practicable Date, as part of our smart management, some of the residential properties under our management use a facial recognition system to grant access to their residents. Faces of the residents are only registered for our face recognition system upon the receipt of their written consents. With the encouragement of use of biometric authentication, in the event that we install and use facial recognition system in all residential properties under our management, our Directors are of the view that property owners and residents in residential properties under our management would benefit from having greater convenience and higher security, which may lead to an increase in their loyalty to our services.

There has been increasing Biometric Regulatory Requirements imposed by local governments in different areas across the PRC, such as Sichuan and Hangzhou, to enhance the protection thereof. For further details, please refer to the sections headed "Regulatory overview – Regulation on our other businesses – Regulations on information security and privacy protection" and "Industry overview – The PRC property management industry – Overview of the Top 100 Property Management Companies" in this prospectus. According to the Biometric

Regulatory Requirements, which shall be implemented in early 2022, property management service providers shall be prohibited to require property owners and/or residents at the property projects that they manage to use biometric authentication compulsorily.

As at 31 December 2021, only 15 property projects and one property project that we managed in Sichuan and Hangzhou respectively used facial recognition as part of our smart management. Such aforementioned aggregate 16 property projects represented approximately 4.9% of the total number of property projects that we managed as at 31 December 2021. The aggregate GFA under management of such property projects and revenue derived therefrom represented approximately 12.0% and 10.3% of our total GFA under management as at 31 December 2021 and our total revenue derived from provision of property management services during the year ended 31 December 2021, respectively. As advised by our PRC Legal Advisers, any biometric information can only be obtained from property owners and/or residents at the property projects that property management service providers manage for use of biometric authentication if (i) the property management service providers can demonstrate it is necessary to do so; (ii) property management service providers adhere to all national and regional laws and regulations regarding privacy protection of personal information; and (iii) consents have been obtained from biometric information providers, i.e. property owners and/or residents at the property projects that property management service providers manage. As we have fulfilled all of the abovementioned requirements, in particular, faces or other biometric information of the residents in those property projects are only registered for our biometric recognition system upon the receipt of their written consent according to our Group's policy, we have never required and will not require them to use biometric authentication compulsorily. Accordingly, our Directors are of the view that, and the Sole Sponsor concurs that, the Biometric Regulatory Requirements will unlikely result in any material adverse impact on our business operations and financial performance.

Compulsory consumption of community value-added services

The relevant requirements encourage property management service providers to provide customised services through smart platform. Preferential support policies shall be introduced so that property management service providers can apply for subsidies in order to expand their respective scope of services and carry out businesses through smart platform.

Our mission is to satisfy the needs of our customers by offering a wide range of value-added services, including both value-added services to non property owners and community value-added services, which are expected to play a vital role in the sustainable development of our business. We have been providing a variety of value-added services to non-property owners and community value-added services. As one of our business strategies, we plan to further diversify our value-added services. For further details, please refer to the paragraph headed "Our business strategies – Continue to expand along value chain and diversify our value-added service offerings" in this section above.

Since compulsory consumption of community value-added services requirement is in line with our business strategy, with preferential support policies expected to be introduced to property management service providers for expansion of their service scope, our Directors are of the view that we would benefit from such regulatory change.

In light of the above, our Directors are of the view that the implementation of the Property Management Notice will be beneficial to the business operations and financial performance of our Group in the long term.

Based on the discussions set out in this section, our Directors are of the view that the Property Management Notice will not have a material impact on our Group's business operation and financial performance in both short and long terms.

The Sole Sponsor is satisfied that our Directors' view as set out above has been made after due and careful consideration.

Internal control measures for ongoing compliance

As the regulatory environment of the PRC real estate and property management industry may continue to change in the future, we have implemented the following internal control measures to ensure ongoing compliance with the relevant PRC laws and regulations:

1. from time to time, our in-house lawyers will pay attention to the latest legal updates, including but not limited to, issuance of consultation papers which may affect the introduction of new laws and regulations in the future, that are related to our business operations; and

2. legal trainings will be provided to our staff from time to time, in particular when there are new laws and regulations being introduced and that may affect our business operations in material aspects.

In addition, we have also implemented other internal control measures for ongoing compliance for different laws and regulations that relate to our business operations, details of which are set out in the paragraphs headed "Standardisation and digitalisation – Internal control measures in relation to data security and privacy protection" and "Internal control and risk management" in this section below.

The proposed three red-lines policy

In a public forum held in August 2020, the MOHURD, the PBOC and certain property developers jointly discussed the long-term regulatory mechanisms for the real estate sector in the PRC, which indicated that the proposed new standards, regulations or rules governing the external financing of property developers in the PRC. For further details of the proposed three red-lines policy, please refer to the section headed "Regulatory overview – Recent changes in the PRC real estate regulatory policies – The proposed three red-lines policy" in this prospectus.

According to CIA, the "three red-lines" policy will mainly affect the real estate industry, in particular for the property developers which have relatively higher level of debts. The implementation of "three red-lines" policy makes it difficult for some property developers to achieve a quick and massive expansion through financial leverage, which in turn pose challenges to property management service providers that rely on these companies for source of projects. In early 2022, financial institutions in the PRC have informed certain large-scale property developers that the "three red-lines" policy has relaxed by excluding short-term loans obtained by property developers for the purpose of merger and acquisitions from the calculation of pro forma ratios. In any event, as advised by CIA, such possible relaxation in the policy, if becomes official, would be beneficial to the upstream companies within the real estate industry, including property development companies and property construction companies, in the PRC as a whole, in particular property developers which have good financial performance, in long and short term. In short term, these property developers would be able to expand their business by acquiring projects from property developers that has financial difficulties. For long run, as these property developers have healthy financial performance, they shall be able to comply with the requirements under such policy relaxation while sustain their market share or expand by merger and acquisition in long run. On the other hand, as (i) property management services company typically derive a considerable portion of revenue from their existing property projects under management which have been contracted to be managed by them; and (ii) property management companies also procure new property management projects from various sources, such as property owners and property owners' associations, instead of relying solely on new property projects procured from property developers, the "three red-lines" policy and the possible relaxation on the "three red-lines" policy are not expected to create a significantly adverse impact on property management companies in general.

The "three red-lines" policy and the possible relaxation on the "three red-lines" policy are not expected to have material impact on our Group's business operation and financial performance as such policy primarily applies to property developers instead of property management service providers, such as our Group. Based on the aforementioned CIA's view, our Directors are of the view that the possible policy relaxation, if becomes official, would enable us to diversify our property portfolio as our Independent Third Parties property developers customers may acquire projects from property developers that has financial difficulties and engage us with their increase number of property projects, in return have a positive impact on our operation and financial performance. With respect to our customers which are property developers, to the best of our Directors' knowledge and belief after making all reasonable enquiries, Dima and Independent Third Parties which are property developers that we sourced property projects are property developers with no financial difficulties. Based on aforementioned CIA's view, our Directors are of the view that the policy relaxation, if becomes official, would have a positive impact on the operation and financial performance of Dima in short and long run. As our other Independent Third Parties customer which we sourced property projects from include property owners associations, logistics companies, PRC government authorities, local and international schools, hospitals, consulate generals from different foreign countries, and branch offices in the PRC of Fortune Global 500 foreign-owned enterprises, we believe they would not be affected by the "three red-lines policy". Regarding

Dima Group, to the best knowledge of our Directors and based on the publicly available financial information of Dima Group as at 30 September 2021, Dima Group is among the "yellow tier" where one of the three financial ratios (i.e. the cash to short-term debt ratio) exceeds the red line standards pursuant to the relevant regulations (i.e. lower than 1.0 time). Pursuant to the relevant regulations, companies whose financial ratios exceed one red line are only allowed to expand their interest-bearing debt at a maximum annual rate of 10% ("**Interest-bearing Debt Expansion Restriction**"). The interest-bearing debt under the Interest-bearing Debt Expansion Restriction equals to the sum of (i) short-term borrowings; (ii) non-current liabilities due within one year; (iii) long-term borrowings; (iv) bonds payable; (v) long-term payables; (vi) other non-current liabilities; and (vii) loans from non-financial institutions in other current liabilities, excluding lease liabilities due within one year. To the best knowledge of our Directors, the exceeding of the red line requirement regarding cash to short-term debt ratio was primarily due to the fact that certain debt which were long-term debt as at 31 December 2020 were reclassified as short-term debt as at 30 September 2021 according to their relevant actual due date. Such long-term debt as at 31 December 2020 that was reclassified as short-term debt as at 30 September 2021 amounted to RMB495 million, which will fall due between 4 February 2022 and 21 September 2022. As a matter of fact and to the best knowledge of our Directors and based on the publicly available financial information of Dima Group as at the end of 2020, Dima Group was among the "green tier" where its financial ratios did not exceed any of the three red line standards pursuant to the relevant regulations. To the best knowledge of our Directors, Dima Group is pro-actively optimising its debt structure and has increasingly utilised development loan financing obtained from commercial banks and gradually reduced the use of various short-term financing and/or bridging loan. Dima Group will also continue to increase its proportion of long-term debt through the issuance of bonds and inter-bank debt financing tools. As confirmed with Dima, when Dima implements the aforementioned measures, Dima would also decrease its short-term debts by means including gradually reduce new short-term financing, repayment of certain short-term loans etc., so as to achieve a lower proportion of its short-term debts in its total debt balance. In other words, Dima would alternate the composition of total debt in order to maintain the total debt balance of Dima Group generally being constant at a level that complies with the other two financial ratios (liability-to-asset ratio and net gearing ratio). As such, to the best knowledge of our Directors, the exceeding of the red line requirement regarding cash to short-term debt ratio would only be temporary and Dima Group is expected to improve its financial conditions and optimise its financial ratio such that Dima Group would be considered to be among the "green tier" in the near future. On the other hand, the remaining two financial ratios, i.e. liability-to-asset ratio and net gearing ratio, take into account of the total debt, including both short-term and long-term debts, as a whole, instead of focusing on short-term debt only, which is the case for non-restricted cash-to-current borrowing ratio. As such, even when Dima Group reclassified certain long-term debt to short-term debt as discussed above (which results in the change in the amount of current borrowings and in turn the non-restricted cash-to-current borrowing ratio), total amount of debts would not be changed, as well as the interest-bearing debt ratio and the other two financial ratios, i.e. liability-to-asset ratio and net gearing ratio of Dima Group, and thus the other two lines were not affected. As such, the Interest-bearing Debt Expansion Restriction is not expected to have material and long-term impact on the business operation and financial performance of Dima Group, including the gearing ratio of Dima Group, and our Group. Please refer to section headed “Financial information – Recent development” in this prospectus.

The Individual Housing Loan Notice

On 28 December 2020, PBOC and CBIRC jointly issued the Individual Housing Loan Notice to strengthen financial institutions’ stability against fluctuations in the real estate market and optimise credit structure. Based on certain factors, including the asset size and institution type of banking entities, the PBOC and the CBIRC formulated differentiated individual housing loan concentration management requirements, which set a cap on the proportion of the individual housing loan that a bank could lend as a percentage of the bank’s total lending, which would inadvertently mean that it would take a longer time for banks to grant each individual housing loan. For further details of the Individual Housing Loan Notice, please refer to the section headed “Regulatory overview – Recent changes in the PRC real estate regulatory policies – The Individual Housing Loan Notice” in this prospectus.

According to CIA, the Individual Housing Loan Notice will mainly affect the real estate industry, where the sale of properties by property developers may be adversely affected. In relation to this, the Individual Housing Loan Notice is most likely to affect the transaction volume of real estate industry only in the short term. However, since the aim of the Individual Housing Loan Notice is to control real estate credit flow in order to promote simultaneous development in economy and real estate industry in the PRC, the relevant authorities indicated that adjustments would be made in order to support reasonable demand in individual housing. As a result, CIA is of the view that the Individual Housing Loan Notice would not affect the development plans of property developers in the long term.

According to CIA, the Individual Housing Loan Notice will not have a material adverse impact on property management industry as (i) property management services company typically derive a considerable portion of revenue from their existing property projects under management which have been contracted to be managed by them; and (ii) property management companies typically procure new property management projects from various sources, such as property owners and property owners’ associations, instead of relying solely on new property projects procured from property developers.

The Individual Housing Loan Notice does not raise the interest rates of individual housing loans, but merely limits the concentration of individual housing loans for various commercial banks, which, according to our PRC Legal Advisers, is a normal control measure adopted by the PRC government to curb the overheated real estate market and foster the sustainable and healthy development of the real estate market. Based on (i) the view of CIA as stated above; and (ii) for contracted but undelivered properties, even if delivery is halted due to the Individual Housing Loan Notice, the property developers are still bound by the preliminary property management service agreements to pay us property management service fees. Based on the information currently available to us and to the best of our Directors’ knowledge after due and careful inquiry, as at the Latest Practicable Date, completion and delivery schedule of the properties developed by Dima Group was not, and the property development plan of Dima Group in the long run are not expected to be, materially and adversely affected by the relevant regulations on provision of personal housing loans to purchasers of new and second-hand properties. Based on the foregoing, in particular CIA's view as discussed above, to the best of our Director's belief, it is likely that the Individual Housing Loan Notice would affect the transaction volume of properties developed by Dima Group only in the short term, and would not affect the development plan or construction activities of Dima Group in the long term, and in turn, the property management projects from Dima Group for our management, and as such, our Directors and our PRC Legal Advisers are of the view that the Individual Housing Loan Notice has no direct or indirect material adverse impact on Dima Group or us. Nothing has come to the attention of the Sole Sponsor for it to cast doubt on the views of our Directors and our PRC Legal Advisers as expressed above.

The PRC real estate tax reform

On 23 October 2021, the 31st Session of the Standing Committee of the 13th NPC adopted the Decision of the Standing Committee of the NPC on Authorising the State Council to Carry out a Pilot Program of Real Estate Tax Reform in Certain Areas ("**Decisions**"), authorising the State Council to carry out a pilot program of real estate tax reform in certain areas. The Decision clarifies that the real estate tax shall be levied on various types of real estate for residential and non-residential use in urban areas, and that the holders of land use rights and owners of such real estate shall pay for the real estate tax. For further details of the PRC real estate tax reform, please refer to the section headed "Regulatory overview – Recent changes in the PRC real estate regulatory policies – The PRC real estate tax reform" in this prospectus.

Prior to the adoption of the Decisions, 中華人民共和國房產稅暫行條例 ("**Property Tax Rules**") was implemented across the PRC. Pursuant the Property Tax Rules, real estate tax shall be levied on both residential properties and non-residential properties in the PRC. However, property tax on residential properties was exempted under article 5(4) of the Property Tax Rules. Therefore, under the Property Tax Rules, non-residential properties in the PRC have been subject to real estate tax since its promulgation in 1986. Although the Decisions clarifies that real estate tax shall be levied on various types of real estate for both residential and non-residential properties in urban areas, our Directors are of the view that there is limited impact on non-residential properties as non-residential properties have been subject to real estate tax pursuant to the Property Tax Rules, prior to the adoption of the Decisions, therefore, such PRC real estate tax would not materially affect non-residential properties, but only residential properties to a certain extent.

According to information from public media, priority will be given to first or second tier cities located in active real estate markets when selecting pilot cities under the new real estate tax reform. We expect that, among the regions where Dima Group and/or we have business presence, Shanghai, Guangzhou, Chongqing, Hangzhou, Ningbo and Nanjing may fall into the ambit of the regions where the pilot program would be launched. According to the quarter report published by Dima Group, as of 30 September 2021, Dima Group had approximately 3.2

million sq.m. of land bank and total planned construction area of approximately 20.9 million sq.m.. Dima Group has 26 property projects under development in the six cities or regions mentioned above ("**Relevant Areas**"), accounting for approximately 22.2% of its total land bank and approximately 22.6% of its total number of property projects, respectively, as of the same date. As of 31 December 2021, we managed 123 property projects in the Relevant Areas with a GFA under management of approximately 10.4 million sq.m., accounting for approximately 37.0% of our total GFA under management. During the year ended 31 December 2021, the revenue that we derived from property management services provided to these 123 property projects amounted to approximately RMB274.9 million, accounting for approximately 43.7% of our total revenue from property management services.

According to CIA, the levy of real estate tax is expected to have an impact on the real estate market in the pilot areas, the extent of which depends on the extent of each area's reliance on real estate development and the current status and development of the real estate market. In general, the levy of real estate tax is expected to reduce the reliance on real estate development of the pilot areas, affect real estate transactions in the pilot areas in the short term, and alleviate the sharp rise in housing prices in the pilot areas. In terms of land supply, according to the CIA, the levy of real estate tax will, to a certain extent, replace land use rights concession fee, which will benefit local government finance, as it can reduce local government's reliance on land use rights concessions and promote a reasonable supply and demand for land. In the primary housing market, the increased cost of holding real estate is expected to reshape homebuyers' preferences, thus prompting real estate developers to adjust property supply according to actual market demand. In the secondary housing market, the levy of real estate tax is expected to increase the supply of secondary housing, promote the liquidity of the real estate market, and alleviate the mismatch of market supply and demand to a certain extent. In sum, promoting real estate legislative reform may affect the availability of new property management projects to a certain extent, but these policies are not expected to change the supply and demand pattern of real estate in the long run and are conducive to the development of a healthy and stable real estate market as well as a healthy, orderly and quality property management market.

Based on our observations of the countries that have enacted real estate tax and as concurred by CIA, real estate tax generally affects the volume of real estate transactions only in the short run. In the long run, the real estate market is primarily affected by factors such as population, the supply and demand of land and financial policies instead of real estate tax. As such, from a property management service provider's perspective, the future implementation and enactment of real estate tax might have a temporary impact on the sale of properties developed by property developers, but would not have a material adverse impact on property management companies as the latter typically derive a considerable portion of revenue from their existing property projects under management which have been contracted to be managed by them. Therefore, according to CIA, future implementation and enactment of real estate tax might have a temporary impact on the sale of properties by Dima Group and Affiliated

Companies, but would not have a material adverse impact on property projects that (i) have been contracted to be managed by us; or (ii) have been delivered to us for our management as property owners or tenants are obligated to pay property management fees regardless of the real estate tax.

As of 31 December 2021, the total number of our contracted but undelivered projects was 60, with a total contracted but undelivered GFA of approximately 11.3 million sq.m., and the number of contracted but undelivered projects in the Relevant Areas was 14, with a contracted but undelivered GFA of approximately 1.8 million sq.m., accounting for approximately 23.3% of our total number of contracted but undelivered projects and 15.7% of our total contracted but undelivered GFA, respectively, as of the same date. As of the Latest Practicable Date, the total number of our contracted but undelivered projects, the total contracted but undelivered GFA, the number of contracted but undelivered projects in the Relevant Areas and the contracted but undelivered GFA of the same remained the same to that of 31 December 2021. Based on the property management agreements that we had entered into, our Directors are of the view that it is unlikely that our contracted GFA, GFA under management or revenue in the Relevant Areas would experience a significant increase in the near future. In addition, we will continue to evaluate business outreach and market development opportunities in these Relevant Areas. Even if our business operation expands in the Relevant Areas, as we do not expect real estate tax to have a material adverse impact on property management service providers, our Directors are of the view that the implementation of real estate tax will not have a material adverse impact on our business operation or financial performance. According to the Decision, the real estate tax pilot program shall last five years from the date when the measures for the pilot program are officially issued by the State Council. As at the Latest Practicable Date, it was unclear when the detailed measures for the real estate tax pilot program and the list of the real estate tax pilot cities would be formally introduced. Our Directors also confirm that we will (i) continue to communicate with relevant authorities to monitor the latest changes; and (ii) comply with the relevant real estate tax regulations and requirements when they are implemented.

Despite approximately 43.7% of our Group's total revenue from provision of property management services to 123 property projects that are located in the Relevant Areas during the year ended 31 December 2021, with regards to both contracted and delivered property projects and contracted and undelivered property projects, since we generally enter into preliminary property management service agreements with property developers at the pre-delivery stage of property projects, even if the properties in those property projects cannot be sold, property developer is responsible for paying the property management fees for the units that remain unsold. Based on the property management agreements that we had entered into, our Directors are of the view that it is most likely that our contracted GFA, GFA under management or revenue in the Relevant Areas would remain stable in the near future. In addition, as we have diversified our property portfolio to cover more non-residential properties during the Track Record Period, the proportion of revenue derived from provision of property management services to non-residential properties in the Relevant Areas increased from approximately 33.9% in 2019 to approximately 39.5% in 2021. With continuous expansion in our property portfolio, even if there is a short-term adverse impact on the availability of newly constructed residential property projects for our management in the Relevant Areas in the future, we believe that it may only affect the number of new preliminary property management service agreements to be entered into in the Relevant Areas to a certain extent only, but not affecting the provision of our services to any of our contracted property projects. Therefore, as long as (i) the total number of our contracted but undelivered projects and the total contracted but undelivered GFA in the Relevant Areas remains stable; and (ii) the continuous success with our strategy of expanding our property portfolio, our Directors are of the view that the real estate tax will have no material adverse impact on Dima Group's or our business operations or financial performance both in the short term and the long term. Taking into account the above, and after discussions with our Company, CIA, our PRC Legal Advisers and the PRC legal adviser to the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question our Directors' view above.

Given, as at the Latest Practicable Date, it remains uncertain as to (i) when the detailed measures for the real estate tax pilot program and the list of the real estate tax pilot cities would be formally introduced; and (ii) the details of the implementation of the Decision, after considering the aforementioned CIA's view, our PRC Legal Advisers concurs with our Directors' view that the Decisions would not affect our Group.

In view of the above and after consulting with the PRC legal advisers of the Sole Sponsor, as at the Latest Practicable Date, nothing has come to the attention of the Sole Sponsor that the recent changes in regulatory environment of the PRC real estate market would cause it to disagree with the Directors' view that there is no imminent material adverse impact on the Group's business operations or financial performance.

ACQUISITION OF COMPANIES DURING THE TRACK RECORD PERIOD

Pursuant to our investment and acquisition strategy with a view to acquire property management companies with attractive property portfolio, we acquired entire equity interests or certain equity interests (where applicable) of (i) Chongqing Shengdu; (ii) Mianyang Ruisheng; (iii) Hubei Zhonghe; (iv) Luzhou Kuayue; (v) GSN Group; and (vi) Shengkang Group during the Track Record Period. By acquiring Shengkang Group, we also diversify our service portfolio for value-added services to non-property owners. In addition, in order to enhance and diversify our service portfolio for community value-added services, in particular community events planning services, we also acquired Yuanji Culture during the Track Record Period.

Property management services

We acquired each of (i) Chongqing Shengdu and Hubei Zhonghe in 2019; and (ii) Luzhou Kuayue, GSN Group and Shengkang Group in 2020 in order to diversify our property portfolio with more non-residential properties. On the other hand, we acquired Mianyang Ruisheng in 2019 with an aim of enlarging our market presence geographically and expanding our existing scale of operation. The following table sets out the number of property projects that we managed and GFA under management that each of Chongqing Shengdu, Mianyang Ruisheng, Hubei Zhonghe, Luzhou Kuayue, GSN Group and Shengkang Group attributed to each of the years indicated:

	Year ended 31 December					
	2019		2020		2021	
	Number of property projects that we managed(2)	GFA under management(3) ('000 sq.m.)	Number of property projects that we managed(2)	GFA under management(3) ('000 sq.m.)	Number of property projects that we managed(2)	GFA under management(3) ('000 sq.m.)
Chongqing Shengdu	9	192	13	491	12	345
Mianyang Ruisheng	5	1,066	5	1,066	7	1,446
Hubei Zhonghe	1	100	2	154	3	211
Luzhou Kuayue	–(1)	–(1)	2	61	2	61
GSN Group	–(1)	–(1)	104	1,974	124	2,227
Shengkang Group	–(1)	–(1)	5	252	20	387

Notes:

1. Completion of the acquisition of the relevant company took place in 2020.

2. Number of property projects that we managed include property projects for which we entered into relevant property management service agreements that did not specify the amount of GFA under management.

3. We did not include any GFA under management for those property projects for which we entered into relevant property management service agreements that did not specify the amount of GFA under management.

Value-added services to non-property owners

Shengkang Group

Having considered Shengkang Group also provides hospital property management services in addition to property management services, we acquired 51% of Guangxi Shengkang in late 2020. Upon completion of the acquisition, Shengkang Group has become our non-wholly-owned subsidiaries. For further details regarding the acquisition of the Shengkang Group, please refer to the section headed "History and development – Acquisitions during the Track Record Period – Acquisition of Shengkang Group" in this prospectus.

Shengkang Group comprises Guangxi Shengkang and Guangxi Xiangwei, all being local hospital property management companies in Guangxi. Subsequent to completion of such acquisition and as at the Latest Practicable Date, Shengkang Group provided value-added services, such as washing and disinfection of medical fabrics services and provision of medical-related necessities in hospitals for patients, to medical-related companies, mainly hospitals.

Community value-added services

Yuanji Culture

Yuanji Culture is engaged in the provision of community events planning services, mainly under the brand "Our Space". Yuanji Culture was originally owned by Dima Group. In order to diversify our service portfolio for community value-added services and to expand our existing scale of operation, we acquired Yuanji Culture in 2019.

For further details regarding the acquisition of each of the abovementioned companies, please refer to the section headed "History and development – Acquisitions during the Track Record Period" in this prospectus.

Overall impact on us

We believe that the acquisitions of equity interests of the abovementioned companies are complementary to our business operations and strategies with respect to diversifying types of property projects under our management, strengthening our market position and would further expand the scale of our property management business and provide growth opportunities to us. The following table sets out the revenue of each of Chongqing Shengdu, Mianyang Ruisheng, Hubei Zhonghe, Yuanji Culture, Luzhou Kuayue, GSN Group and Shengkang Group contributed to our overall revenue for each of the three years ended 31 December 2021:

	Year ended 31 December					
	2019		**2020**		**2021[(2)]**	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Chongqing Shengdu	1,657	0.3	3,678	0.5	6,444	0.5
Mianyang Ruisheng	10,167[(1)]	1.8	21,709[(1)]	2.8	24,658[(1)]	2.1
Hubei Zhonghe	–	–	2,364	0.3	2,765	0.2
Yuanji Culture	15,550	2.8	17,693	2.3	26,442	2.2
Luzhou Kuayue	–	–	446	0.1	1,956	0.2
GSN Group	–	–	–[(2)]	–	146,989	12.3
Shengkang Group	–	–	–[(2)]	–	42,436	3.6

Notes:

1. Mianyang Ruisheng is a joint venture of our Company. Thus, its financial information is not consolidated into our financial information. Instead, we share its results through our investment in Mianyang Ruisheng using the equity method. For further details, please refer to the section headed "Financial information – Major items in the consolidated statements of profit or loss and other comprehensive income – Share of results of investment accounted for using the equity method" in this prospectus.

2. As we completed our acquisition of each of GSN Group and Shengkang Group by the end of December 2020, their respective financial performance were not consolidated into our financial statements for the year ended 31 December 2020 in accordance to our accounting policy.

STANDARDISATION AND DIGITISATION

We have been implementing upgrades of information technologies to strengthen our competitiveness, reduce operational costs and reliance on manual labour. We have been focusing on implementing standardisation, digitalisation and smart management to improve our business operation, maximise operation efficiency, and thus optimise our customers' experience.

Standardisation

We have standardised and optimised our service procedures, strengthened our headquarters, subsidiaries and branch offices' ability to manage our projects based on the GB/T 19001-2016/ISO9001:2015 quality management system, GB/T 24001-2016/ISO14001:2015 environment management system and GB/T 45001-2020/ISO45001:2018 occupational health and safety management system.

We continuously update or issue new internal standards to meet the ever changing requirements of customers. We have formulated a series of guidelines and rules laying out detailed guidance on key standards and procedures for property management service operation, service procedures supervision and project evaluation, so as to ensure consistent and high-quality property management services covering a wide spectrum of property types. We also established and implemented a multi-level set of supervision and management standards to coordinate our standard operating procedures for property management services, such as "Management of information of property owners, properties and car parking space handbook" and "Property inspection handbook", with differentiated and tailored instructions for our various departments to follow through, to further raise both operation and management efficiency and improve service quality. In addition, we have standards and procedures to evaluate projects comprehensively, for example, the "Benchmarking project evaluation standards", for ourselves to identify problems and improve service quality. As we emphasize on the quality of services that we provide to residents and tenants of the properties that we manage in order to optimise their living experience, we also established a standardised system to deal with customers' complaints – revert a solution to resolve the problem(s) raised in customers' complaints within one day; perform follow-up review with such customers within three days; enhance the services to resolve the problem(s) raised in customers' complaints within seven days; and perform further follow-up review with such customer within seven days. We believe such series of standards and procedures enable us to efficiently scale up and consistently replicate our operations without compromising our service quality.

Digitisation

As a customers oriented enterprise, we believe our customers are crucial to our business and we value their feedbacks and suggestions. In order to provide quality service to our customers, we believe that it is crucial for us to respond to our customers' needs in a timely manner as well as have a comprehensive understanding their needs. Therefore, we strive to implement digitisation on our operations, in particular customer service call centre, security services, cleaning, greening, repair and maintenance as it enables us to (i) integrate resources and realise efficient transmission of status data of property projects under management so that we can respond to our customers' needs in a timely and efficient manner; and (ii) analyse customers' data to have a better understanding of their needs in order to enhance and optimise our services by providing more personalised services to them. The following digitalised arrangements enable us to achieve our customer-oriented initiative, in particular:

1. "東驛站" (Doyin station*) mobile application (for further details, please refer to the sub-paragraph headed "東驛站" (Doyin station*) mobile application" below);

2. "i神馬東東" (iShenma Dongdong*) (for further details, please refer to the sub-paragraph headed "i神馬東東" (iShenma Dongdong*) WeChat mini programme" below); and

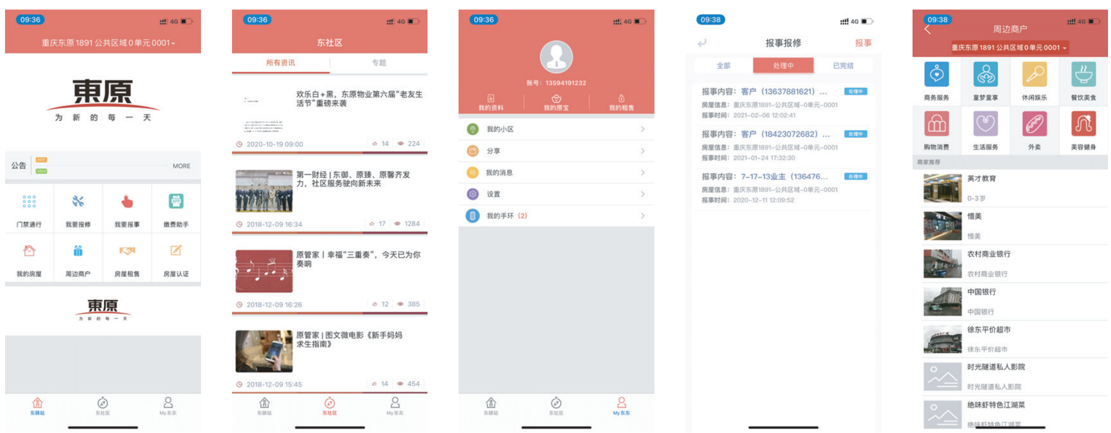
3. smart community (for further details, please refer to the sub-paragraph headed "Smart community" in this section below).

Apart from customers oriented systems, we also endeavour to integrate and centralise our resources through digitalisation. On one hand, we have business management systems, such as ERP system, BPM system and human resources management system, which collect and manage data and information related to our daily operations, including information regarding property projects and customers, in order to avoid inaccuracies in underlying information. All these systems reduce our dependency on manual labour, achieve remote equipment monitoring, effective allocation of human resources and enhance the efficiency of property management. On the other hand, we have a CRM system which assists us in managing our staff's interaction with our customers during our daily operations and vehicle management system for assisting us in managing vehicles that enter and exit the car parks in the property projects that we manage, all of which enable us to better manage the diversified requirements of property owners and residents on one hand, and on the other hand support us for our management of property projects from various aspects.

Our own employees have online access to status information of the property projects under management, equipment or facilities within their scope of duty, their working tasks and new orders to be dealt at any time. Through our systems, we can timely obtain basic information of our property projects, real-time surveillance videos, collection situation of property management fees, quality inspection and evaluation results and feedback from residents and property owners, so as to realise centralised, transparent and efficient management and control on our business operations. We believe these measures effectively help further improve our operational efficiency and ensure the delivery of consistent and high-quality services.

"東驛站" (Doyin station) mobile application*

We launched our mobile application, namely "東驛站" (Doyin station*), in 2015. Such mobile application can be used on both Android and iOS based mobile devices. Registered users of "東驛站" (Doyin station*) can gain access to our services both online and offline with a view to enhancing their experience and loyalty, as well as our brand recognition. As at the Latest Practicable Date, our "東驛站" (Doyin station*) had more than 36,000 registered users, the majority of which were authenticated as the property owners or residents of our managed property projects. The pictures below illustrates our "東驛站" (Doyin station*):



Registered users can access our services through the "東驛站" (Doyin station*) mobile application which has features, primarily including: (i) issuing community announcements for property management notice such as community-wide activities and suspension of utility supply; (ii) reporting repair requests and arranging repair logistics; (iii) contacting our property management customer service staff for assistance and complaints; and (iv) paying property management fees, reviewing and tracking monthly fee statements and receiving payment reminders from us. During the Track Record Period and as at the Latest Practicable Date, we did not charge our residents and customers or other users of "東驛站" (Doyin station*) any service fees for the usage of "東驛站" (Doyin station*).

Our "東驛站" (Doyin station*) mobile application is supported by smart surveillance system and smart access control system. Registered users are able to access their properties using their mobile phones without any key or access card, and are able to remotely control the access for their visitors using their mobile phones. Apart from using our "東驛站" (Doyin station*) mobile application, residents and tenants can use our 400 service hotline to communicate with us regarding details of visitors, which enable patrol staff to allow only permitted visitors to enter into the property projects that we manage and sustain the security thereof.

Our staff may use "東E管" (Dong E Management*) mobile application to follow up the request made by residents through "東驛站" (Doyin station*) mobile application upon the receipt thereof, and allocate resources efficiently and effectively.

"i神馬東東" (iShenma Dongdong*) WeChat mini programme

We launched a WeChat mini programme, namely "i神馬東東" (iShenma Dongdong*), in 2019. Such WeChat mini programme can be accessed through scanning a quick response code with mobile phones. "i神馬東東" (iShenma Dongdong*) is a community living shopping platform which enables users thereof to make online purchase of daily necessities, such as food and home-related electronic devices, conveniently, with a view to enhancing their experience. As at the Latest Practicable Date, our "i神馬東東" (iShenma Dongdong*) had more than 50,000 registered users, the majority of which were authenticated as the property owners or residents of the property projects that we manage. The pictures below illustrates our "i神馬東東" (iShenma Dongdong*):

Smart community

Our smart community features IoT device management capabilities and security alerts so as to enable us to optimise experience of property owners and tenants as well as ensuring their safety in the property projects that we manage. We have installed various facilities to develop smart communities in the residential properties under our management. For example, some of the residential properties under our management use a facial recognition system to grant access to their residents. We also set up a system with blacklist to prohibit access of individuals on such list to gain access to residential properties under our management. In addition to facial recognition system for individuals' access to property projects under our management, some of the property projects under management also use smart car plate recognition system to grant access to vehicles. These technologies have saved our labour costs for entry control and enhanced our customer experience.

According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), which was issued by the State Council with effect from 25 September 2000 and revised on 8 January 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, whereby an ICP licence is required for such operation. Non-commercial Internet services refer to free services of providing public, commonly shared information to web users through the Internet, which is only subject to a filing requirement. Whether a certain Internet information service is regarded as commercial or non-commercial, depends on whether the provision of Internet information is free or to be charged. As advised by our PRC Legal Advisers, we do not require an ICP licence for the operation of our services through our "東驛站" (Doyin Station*) mobile application.

During the Track Record Period, through our "東驛站" (Doyin station*) mobile application, we provided news and information and property management fees payment channel to the users and collect certain amounts of our property management fees (details of which are set out below) ("**APP Service**") free of charge. As such, as advised by our PRC Legal Advisers, the provision of APP Service will not be deemed as providing commercial Internet information services, but was considered as non-commercial Internet information services under the Administrative Measures on Internet Information Services instead. Thus, the provision of APP Service is only subject to a filing requirement. However, due to the lack of understanding of the relevant PRC laws and regulations, we failed to complete the relevant filing before providing the APP Service. According to the Administrative Measures on Internet Information Services, the failure to complete filing before provision of non-commercial Internet services is a procedural inappropriateness, whereby the relevant administrative authorities shall require rectification within specific timing. If rectification is not performed within the specific timing, the relevant authority(ies) shall order closure of such website, platform or mobile application which provide non-commercial Internet services. As advised by our PRC Legal Advisers, failure to complete the relevant filing before providing the APP Service would neither result in any penalty being imposed on us nor result in revenue obtained through our "東驛站" (Doyin station*) mobile application being confiscated by the relevant governmental authority.

We have adopted monitoring mechanisms, including, among others, (a) providing trainings regarding safe data usage and management and data privacy and information to our staff; (b) requesting our staff to sign confidentiality agreements; (c) restricting access to personal data to certain number of staff only; (d) encrypting personal data of our customers; and (e) enhancing firewall between our internal network and external traffic etc.. Since (i) we completed the relevant filing for provision of the APP Service conducted by our Group; (ii) we received a confirmation issued by the relevant competent authority, namely Chongqing Communications Administration Bureau* (重慶市通信管理局), confirming that a monitoring mechanism of our compliance with the Administrative Measures has been adopted; and (iii) there has not been any record indicating our non-compliance on the relevant websites of the Ministry of Industry and Information Technology and Chongqing Communications

Administration Bureau*, our PRC Legal Advisers are of the view that the risk of us being subject to administrative penalties for providing unauthorised non-commercial Internet information services is remote. For the three years ended 31 December 2021, the property management fee collected through our "東驛站" (Doyin Station*) amounted to approximately RMB9.8 million, RMB19.1 million and RMB8.4 million, respectively.

We acquired "i神馬東東" (iShenma Dongdong*) WeChat mini programme from an Independent Third Party, which developed an online purchase platform, including such "i神馬東東" (iShenma Dongdong*) WeChat mini programme. We did not charge users of such WeChat mini programme with any service fee for the usage thereof. According to the Management Rules on Internet Sites* (《互聯網站管理工作細則》), which was issued by the Ministry of Industry and Information Technology with effect from 25 October 2005, Internet site provider (i.e. operator thereof) shall be required to complete filing before commencement of operations of such Internet site. As advised by our PRC Legal Advisers, given "i神馬東東" (iShenma Dongdong*) WeChat mini programme forms a part of an online purchase platform which was developed by an Independent Third Party, which developed such WeChat mini programme, we are not considered to be the creator and operator of "i神馬東東" (iShenma Dongdong*) WeChat mini programme. Thus, neither do we require an ICP licence for "i神馬東東" (iShenma Dongdong*) WeChat mini programme, nor are we subject to a filing requirement.

As advised by our PRC Legal Advisers, having considered that (i) we have fulfilled the relevant regulatory and filing requirements for our APP Service as at the Latest Practicable Date; and (ii) one of our Controlling Shareholders, Dima, has given us undertaking that we shall be indemnified for any loss and/or damages incurred by us as a result of such non-filing, our PRC Legal Advisers are of the view that our risk of being subject to administrative penalties for providing unauthorised non-commercial Internet information services is low, and such defect will not have a material adverse effect on our business and operations as a whole. For details of the relevant regulatory and filing requirements for "Internet information services", please refer to the section headed "Regulatory overview – Regulation on our other businesses – Internet-based information service" in this prospectus.

Internal control measures in relation to data security and privacy protection

Our Group has established a set of internal controls policy and measures in relation to data security and privacy protection in compliance with the relevant PRC laws and regulations.

We collect customer data to the extent necessary for us to provide services. For example, in order to use our services through our "東驛站" (Doyin station*) mobile application and/or "i神馬東東" (iShenma Dongdong*) WeChat mini programme, users must provide his or her name, phone number and home address; and to pay property management fees, residents must provide his or her phone name, phone number, residential address and model of his or her mobile phone. We collect customer data from our daily operation with relevant consents from our customers. When signing up and activating their accounts, our registered users are required to enter into an agreements which permit us to collect and use their personal information in accordance with our privacy policy. We would specify the reason(s) and method(s) of collecting their information, as well as the scope of information being collected and utilised from our customers or end users to ensure the source of collected data complies with relevant laws and regulations. We strictly control the access to, and usage of, those data with any third party without prior consent of the customer. We have adopted various internal control measures to protect data security and privacy in relation to our internal operational data, such as costs incurred during provision of our services, as well as external data, being user data obtained through our online service platform.

All of our employees are required to attend training and assessment regarding data security when they first join our Group. They are required to enter into a confidentiality agreement pursuant to which they undertake to keep information regarding our Group confidential and be responsible for data security. They are required to attend updated data security related training from time to time during their employment as well. We formulated the following internal rules and control to strictly limit access right to content in our information system:

- *Customers' or end users' data* – Our employees can only access data and information containing our customers' sensitive information after logging into our intranet, and must specify the reason for access the data, scope of data intended to access, and intended usage of data before receiving permission to access. Customers' or end users' data can solely be used for specific purposes only, which shall not exceed the scope which our customers and end users agree to. Certain customers' or end users' sensitive data would be encrypted in order to enhance data security. We will not share, transfer or publicly disclose our customers' data without prior consent or authorisation from our customers or the end users. We perform assessment on the risk of our data security from time to time, which we may engage independent company to perform data safety screening, to ensure our data are protected safely.

- *Employees' access* – We strictly limit our employees' access right to our information systems. We grant access rights to our staff based on their positions and responsibilities, we also adopt password control and other technical means to identify system users thus only necessary staff could access certain confidential information. Passwords would be changed from time to time. We strengthen access management for important operational data to avoid granting process rights of incompatible responsibilities to the same person. We regularly check our system logs, in which system users' behaviours are recorded, to further ensure information security. Our employees are prohibited to download or upload information related to our Group to any devices or intranet that are not belonged to our Group. We also have access and control system to our computer rooms and electronic equipment, under which any unauthorised entry is not allowed.

- *Data backup and hardware maintenance* – We regularly implement both local and remote back up of data and conduct recovery test to ensure the effectiveness of the stored information. We also assign staff to be responsible for daily maintenance of information related hardware. In addition, we organise yearly comprehensive risk assessment of information assets, and adjust strategies for information risk control and security management. We also have an emergency response mechanism for information security. We carry out emergency drills on a regular basis and accordingly improve our information management system.

- *Technologies adopted to further enhance data security* – We adopted various technologies within our information technology systems to enhance data securities, including but not limited to firewalls, data encryption, de-identification or anonymisation of data and access control measures. In addition, we continue to strengthen the security capabilities of the applications installed on end-users, such as our "東驛站" (Doyin station*) mobile application, where part of the information encryption would be performed locally on the end user's device instead of on the centralised systems to enhance data security during the process of data transmission.

As advised by our PRC Legal Advisers, we are in compliance with the applicable laws and regulations with respect to cybersecurity and data protection, including those governing the collection and use of personal information, in all material respects. For further details regarding the relevant laws and regulations in relation to cybersecurity and data protection, please refer to the section headed "Regulatory overview – Regulation on our other businesses" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, so far as our Directors are aware of and as advised by our PRC Legal Advisers, we had not been involved in any material litigation, arbitration or administrative proceedings in relation to the infringement of personal information protection, and no material litigation, arbitration or claim relating to personal information protection is pending or threatened against us, or is expected to materially and adversely affect our business operations and financial condition.

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

Pursuant to the Draft Regulations on Network Data Security Management promulgated on 14 November 2021, the state will focus on the protection of personal information and important data and strictly protect core data. Data processors shall be responsible for the data security and shall fulfill their obligation of data security protection in data processing. Data processors shall take necessary measures such as backup, encryption and access control to protect data from disclosure, theft, tampering, destruction, loss and illegal use, respond to network security incidents, prevent illegal and criminal activities targeting and using data, and maintain the integrity, confidentiality and usability of data. It stipulates that data processors shall, in accordance with relevant national regulations, apply for cybersecurity review if they engage in the following activities, including, among others, seeking to be listed abroad who control more than one million users' personal information, and seeking to be listed in Hong Kong who affects or may affect national security. As at the Latest Practicable Date, the Draft Regulations on Network Data Security Management has not been formally adopted.

As at the Latest Practicable Date, we only possessed personal information collected from our "東驛站" (Doyin station*) mobile application, where users are requested to provide personal information such as their name, residential address and contact telephone number for registration as users of the platform. As at the Latest Practicable Date, our "東驛站" (Doyin station*) had less than 40,000 registered users. As such, as advised by our PRC Legal Advisers, because the number of users' personal information we control is well below one million and we do not or may not affect national security, based on the Cybersecurity Review Measures (2021) and the preliminary framework of the Draft Regulations on Network Data Security Management, our Listing is not subject to the reporting requirement of the cyber security review office in relation to cyber security review. According to our PRC Legal Advisers, the Cybersecurity Review Measures (2021) was implemented in February 2022, while the Draft Regulations on Network Data Security Management has not been formally adopted as at the Latest Practicable Date.

Since (i) our Group has collected, used, stored and managed personal information and user data from our customers and users by fully complying with the principles and requirements set out in the relevant laws and regulations (including draft measures) with respect to cybersecurity and data protection by the implementation of the abovementioned internal control measures; and (ii) our provision of services does not affect national collection, storage, usage, processing, transfer, provision and publication of data for which we are not required to comply with the reporting obligations set out in the Draft Regulations on Network Data Security Management; and (iii) we did not control more than one million users' personal information as at the Latest Practicable Date for which we are not required to comply with the reporting obligations set out in the Cybersecurity Review Measures (2021) and the Draft Regulations on Network Data Security Management, which is yet to be formally adopted as at the Latest Practicable Date, our PRC Legal Advisers are of the view that we have complied with all requirements set out in the relevant laws and regulations with respect to cybersecurity and data protection during the Track Record Period and up to the date of this prospectus. As such, our Directors and our PRC Legal Advisers are of the view that the laws and regulations with respect to cybersecurity and data protection, including the above potential changes in laws and regulations (such as the Cybersecurity Review Measures (2021) and the Draft Regulations on Network Data Security Management), will not affect our Group's compliance with the relevant laws and regulations, and the business operations and financial positions of our Group in any material aspects. As at the Latest Practicable Date, based on the public search results found on the relevant websites, such as China Judgements Online, China's Enforcement Information Disclosure website, website of each of Cyberspace Administration of China (中華人民共和國互聯網信息辦公室) and Ministry of Industry and Information Technology and Chongqing Communications Administration, we have not been subject to any review, inquiries or investigations by any regulatory authorities in the PRC with respect to cybersecurity and data protection and we have not been involved in any litigation or arbitration regarding cybersecurity or data protection. In addition, as at the Latest Practicable Date, we have not been involved in any investigations on cybersecurity review made by the Cyberspace Administration of China on such basis, and we have not received any inquiry, notice, warning, or sanctions in such respect.

However, as advised by our PRC Legal Advisers, the exact details of the Cybersecurity Review Measures (2021) and the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws. As such, our Directors and our PRC Legal Advisers cannot preclude the possibility that new rules or regulations promulgated in the future will impose additional compliance requirements on our Group in relation to cyber security review. We adhere to relevant laws and regulations with respect to cybersecurity and data protection from time to time. Our in-house lawyers will pay attention to the latest legal updates, including but not limited to, issuance of consultation papers which may affect the introduction of new laws and regulations in the future, that are related to our business operations. In the event that there are any legal updates that may affect our business operations, we shall update our internal control measures accordingly for ongoing legal compliance.

SALES AND MARKETING

The sales and marketing departments at our headquarters and regional level are primarily responsible for developing our overall marketing strategy and objectives, conducting market research, and maintaining client relationships development. The sales and marketing department at our headquarters is responsible for formulating our overall marketing strategies, contemplating related company policies in relation to marketing and sales, facilitating training and collaboration among branches and subsidiaries. The regional subsidiaries and branch offices 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.

For the three years ended 31 December 2021, our sales and marketing expenses, being promotion expenses, amounted to approximately RMB17.2 million, RMB23.5 million and RMB27.8 million, respectively. We have taken sales and marketing measures that are tailored to the following categories of customers:

Property developers

– *Dima Group*: Most of our revenue from property management services was derived from property projects that we sourced from Dima Group and Affiliated Companies during the Track Record Period. We expect that the provision of property management and value-added services to Dima Group and Affiliated Companies will continue to be our stable source of revenue in the foreseeable future. We intend to maintain a long-term cooperative relationship with Dima Group.

– *Third-party developers*: We endeavour to expand our cooperation with independent third-party developers that are not members of Dima Group and Affiliated Companies. Furthermore, we implement an incentive measure to encourage our employees to obtain information that would help us to win tender bid for property projects from enterprises that are not members of Dima Group and Affiliated Companies. These information includes potential property project name, GFA under management, key contact persons etc., which is new to our Group's business development database. Pursuant to such incentive measure, our employees will be granted monetary rewards if they provide information that assist us in successfully obtaining new property projects. The amount of the award shall be determined with reference to the nature of information provided by the employee.

Property owners, residents, tenants and entities that operate the property projects that we managed

We provide our services to property owners, residents, tenants and entities at our managed property projects, including residential and non-residential properties. We organise community events at residential properties in order to create a greater sense of community and improve their satisfaction with our services. We believe such events help improve customer loyalty and increase the retention rate of property management service agreements in properties that are already under our management. We also promote the community events through advertisement at community service centres, our Doyin station mobile application and iShenma Dongdong WeChat mini programme.

Branding

We believe our brand names and image are important to maintain customers' loyalty and attract potential customers to our services. We pride ourselves in our customer-oriented service philosophy pursuant to which we pay attention to details of our services with an aim to enhancing customers' experience in the communities that we manage. We strive to optimise the living experience of residents of the properties that we manage by creating a convenient yet comfortable living community for them. We market our services under mainly four brands, namely "Dongyu (東御)", "YOULIFE (原•生活)", "原管家" (YOU Butler*) and Our Space, and each is catered to a specific customer group. We believe that these brands help us to provide unified and clear messages about the type and level of services that we provide and enable us to maximise our market share by leveraging this differential positioning strategy to attract different customer groups.

Dongyu (東御)

Our Dongyu brand includes property management services offered to residential properties with a goal to meet all aspects of daily life essential needs of residents, namely clothing, food, living, transportation, recreation, education and entertainment (衣食住行康育樂). We provide tailored services based on a variety of factors, including the characteristics of the property we manage, clients' income level, local norms and customers' preference. According to the CIA, our Group has been accredited as one of "Featured Service Brand of China Property Service Companies (中國物業服務特色品牌企業 – 東御)" for our Dongyu brand for five consecutive years between 2016 and 2020.

YOULIFE (原•生活)

Our YOULIFE brand includes our value-added services with a goal to build a sense of community among property owners and residents to enrich their living experiences. We provide a variety of value-added services, which we categorised as "YOU-Daily (原•優家)" referring to group purchase services, "YOU-Home (原•築家)" referring to one-stop property agency and decoration and renovation services; "YOU-Delivery (原•到家)" referring to our cleaning, repair and maintenance services and "YOU-Community (原•美家) referring to our provision of community events planning services.

"原管家" (YOU Butler*)

We have been providing our comprehensive property management services to residents of the properties that we manage through "原管家" (YOU Butler*) arrangement since 2019. "原管家" (YOU Butler*) arrangement is categorised into three sub-categories, namely 原品, 原臻, 原馨, each targeting different types of property owner and residents of properties under our management for different kinds of living experiences. Residential properties under our management are staffed with butlers to provide refined, considerate, personalised and diversified services to the property owners and residents. We believe such arrangement satisfies demand on high-quality services from our customers and enhance the loyalty of our customers, while at the same time improving our profitability.

Our Space

Our Space is a community living brand, implementing the concept of aesthetic life, interaction between parents and children, and drama and art ("生活美學、親子互動、戲劇藝術").

We provided value-added property management services under this brand mainly through Yuanji Culture. As at the Latest Practicable Date, we had 19 communities implementing "Our Space" concept (the "**Our Space Communities**") across 10 cities in the PRC, including Chongqing, Hangzhou and Wuhan. The features in Our Space Communities depend on the needs of our customers. Our Space Communities usually include bar, book corners, study-room, self-service baking area, gym, self-service laundry area etc.. Apart from providing a communal living area, we also organise various cultural and community events under "Our Space" brand. We promote these events through our community journals. For the year ended 31 December 2021, Our Space Communities had the capacity to hold approximately 3,000 events which allow approximately more than 140,000 residents to participate.

CUSTOMERS AND SUPPLIERS

Customers

Our customer base mainly consists of property developers, property owners, residents and enterprises. The following table sets out the main types of our major customers for each of our three business lines:

Business lines	Major customers
Property management services	Property developers, property owners, residents and enterprises
Value-added services to non-property owners	Property developers
Community value-added services	Property owners and residents

During the Track Record Period, our customers include logistics companies, PRC government authorities, local and international schools, hospitals, consulate generals from different foreign countries, and branch offices in the PRC of Fortune Global 500 foreign-owned enterprises (e.g. a German private multinational engineering and technology company headquartered in Gerlingen, a German private company primarily known for its design, research and development and manufacturing in the automotive industry, a German multinational corporation which produces luxury vehicles and motorcycles, an American multinational technology company which focuses on e-commerce, cloud computing, digital streaming and artificial intelligence and is listed on NASDAQ and a Japanese multinational conglomerate which is listed on Tokyo Stock Exchange, Nagoya Stock Exchange and London Stock Exchange).

In each of 2019, 2020 and 2021, sales to our five largest customers amounted to approximately RMB224.6 million, RMB339.6 million and RMB430.0 million, respectively, representing approximately 40.2%, 44.2% and 35.9% of our total sales respectively. In each of 2019, 2020 and 2021, our largest customer was Dima Group and its related parties, to whom we provided comprehensive property management services. In each of 2019, 2020 and 2021, among our five largest customers, our sales to Dima Group and its related parties amounted to approximately RMB211.1 million, RMB317.5 million and RMB374.9 million, respectively, representing approximately 37.7%, 41.4% and 31.4% of our total sales respectively. The transactions with Dima Group and its related parties constituted connected transactions. Apart from Dima Group and its related parties, our five largest customers in each of 2019, 2020 and 2021 were Independent Third Parties. Since 2018, we have started to diversify our customer base. Our five largest customers other than Dima Group and its related parties in each of 2019, 2020 and 2021 include, among others, property developer, property management service provider, government bureaus, integrated financial services provider, health services provider, and cultural and artistic exchange event planning service provider. In each of 2019, 2020 and 2021, our sales to them amounted to approximately RMB13.5 million, RMB22.1 million and

RMB55.1 million, respectively, representing approximately 2.5%, 2.8% and 4.5% of our total sales, respectively. Our customers also include logistics companies, PRC government authorities, local and international schools, hospitals, consulate generals from different foreign countries, and branch offices in the PRC of Fortune Global 500 foreign-owned enterprises. In each of 2019, 2020 and 2021 and as at the Latest Practicable Date, save as disclosed in the paragraph headed "Customers and suppliers – Customers" in this section above, none of our Directors, Supervisors, their respective associates or Shareholders who own more than 5% of the issued share capital of our Company were or had any interest in any of the five largest customers of our Group.

The table below sets out the details of our top five customers for the three years ended 31 December 2021:

For the year ended 31 December 2019

Ranking	Customer	Background	Listing status	Year of establishment	Place of operations	Business scale as at the Latest Practicable Date	Major services provided by us	Business relationship since	Credit term	Sales to such customer *(RMB'000)*	Percentage to our total sales *(%)*
1	Dima Group and its related parties	A company established in the PRC which principally engages in the manufacturing of vehicles with various types of use and property development in the PRC, with headquarter in Chongqing.	Listed on the Shanghai Stock Exchange (stock code: 600565.SH)	1997	The PRC	Registered capital: RMB2,550 million Number of staff: Approximately 7,000	Property management services, value-added services to non-property owners and community value-added services	2004	• Property management services: before the 10th-15th day of each month, determined on a case by case basis; • Community value-added services: within 10-30 working days from the invoice date, determined on a case by case basis; and • Value-added services for non-property owners: before the 10th-15th day of each month or within one month, determined on a case by case basis	211,057	37.7
2	Customer A (which is also Supplier D)	A company established in the PRC which principally engages in providing property leasing, property management services, commercial management services and parking lot management, with headquarter in Chongqing. *(Note 1)*	Not listed	2016	The PRC	Registered capital: RMB1,443 million	Property management services	2016	Within nine days from the invoice date	5,384	1.0
3	Customer E	A company established in the PRC which principally engages in providing integrated financial services, with headquarter in Sichuan	Not listed	2008	The PRC	Registered capital: N/A[Note 2] Number of staff: Ranging between 1,000 and 2,000	Property management services	2019	Within 15 working days of each month	3,688	0.7

Ranking	Customer	Background	Listing status	Year of establishment	Place of operations	Business scale as at the Latest Practicable Date	Major services provided by us	Business relationship since	Credit term	Sales to such customer (RMB'000)	Percentage to our total sales (%)
4	Customer F	A company established in the PRC which principally engages in providing office space solutions and business services for settled enterprises, with headquarter in Sichuan	Not listed	2014	The PRC	Registered capital: RMB10 million	Property management services	2019	Prepayment	3,134	0.6
5	Customer G	A company established in the PRC which principally engages in providing outpatient service and health consultation services, with headquarter in Sichuan	Not listed	2018	The PRC	Registered capital: RMB50 million	Property management services	2019	Prepayment	1,346	0.2

Note: Such customer is a branch office of a company, which has a registered capital of RMB598.5 million.

For the year ended 31 December 2020

Ranking	Customer	Background	Listing status	Year of establishment	Place of operation	Business scale as at the Latest Practicable Date	Major services provided	Business relationship since	Credit term	Sales to such customer (RMB'000)	Percentage to our total sales (%)
1	Dima Group and its related parties	A company established in the PRC which principally engages in the manufacturing of vehicles with various types of use and property development in the PRC, with headquarter in Chongqing.	Listed on the Shanghai Stock Exchange (stock code: 600565.SH)	1997	The PRC	Registered capital: RMB2,550 million Number of staff: Approximately 7,000	Property management services, value-added services to non-property owners and community value-added services	2004	• Property management services: before the 10th-15th day of each month, determined on a case by case basis; • Community value-added services: within 10-30 working days from the invoice date, determined on a case by case basis; and • Value-added services for non-property owners: before the 10th-15th day of each month or within one month, determined on a case by case basis	317,483	41.4

Ranking	Customer	Background	Listing status	Year of establishment	Place of operation	Business scale as at the Latest Practicable Date	Major services provided	Business relationship since	Credit term	Sales to such customer *(RMB'000)*	Percentage to our total sales *(%)*
2	Customer H	A company established in the PRC which principally engages in providing cultural and artistic exchange event planning services, advertising design and production services, with headquarter in Jiangsu.	Not listed	2019	The PRC	Registered capital: RMB10 million	Community value-added services	2020	Within 20 working days from the invoice date	9,434	1.2
3	Customer A (which is also Supplier D)	A company established in the PRC which principally engages in providing property leasing, property management services, commercial management services and parking lot management, with headquarter in Chongqing. *(Note 1)*	Not listed	2016	The PRC	Registered capital: RMB1,443 million	Property management services	2016	Within nine days from invoice date	4,911	0.6
4	Customer E	A company established in the PRC which principally engages in providing integrated financial services, with headquarter in Sichuan	Not listed	2008	The PRC	Registered capital: N/A[Note 2] Number of staff: Ranging between 1,000 and 2,000	Property management services	2019	Within 15 working days of each month	4,680	0.6
5	Customer I	A company established in the PRC which principally engages in providing operational service of municipal solid waste; catering service; food production and food management, with headquarter in Zhejiang.	Not listed	2018	The PRC	Registered capital: RMB200 million Number of staff: Less than 50	Property management services	2020	Within seven days from invoice date	3,109	0.4

For the year ended 31 December 2021

Ranking	Customer	Background	Listing status	Year of establishment	Place of operation	Business scale as at the Latest Practicable Date	Major services provided by us	Business relationship since	Credit term	Sales to such customer *(RMB'000)*	Percentage to our total sales *(%)*
1	Dima Group and its related parties	A company established in the PRC which principally engages in the manufacturing of vehicles with various types of use and property development in the PRC, with headquarter in Chongqing.	Listed on the Shanghai Stock Exchange (stock code: 600565.SH)	1997	The PRC	Registered capital: RMB2,550 million Number of staff: Approximately 7,000	Property management services, value-added services to non-property owners and community value-added services	2004	• Property management services: before the 10th-15th day of each month, determined on a case by case basis; • Community value-added services: within 10-30 working days from the invoice date, determined on a case by case basis; and • Value-added services for non-property owners: before the 10th-15th day of each month or within one month, determined on a case by case basis	379,924	31.4
2	Customer J	A company established in the PRC which principally engages in offering technologies and solutions in the areas of mobility solutions, industrial technology, consumer goods, and energy and building technology, with headquarter in Shanghai.	Not listed	1999	The PRC	Registered capital: US$167.2 million Number of staff: Approximately 1,000-2,000	Property management services	2020	Within 120 days from the invoice date	19,411	1.6

Ranking	Customer	Background	Listing status	Year of establishment	Place of operation	Business scale as at the Latest Practicable Date	Major services provided by us	Business relationship since	Credit term	Sales to such customer *(RMB'000)*	Percentage to our total sales *(%)*
3	Customer K	A company established in the PRC which principally engages in investment business as a holding company, with headquarter in Shanghai.	Not listed	2005	The PRC	Registered capital: US$130 million Number of staff: Ranging between 1,000 and 2,000	Property management services	2020	Within 60 days from the invoice date	14,354	1.2
4	Customer L	A company established in the PRC which principally engages in providing engine and complete vehicle production, sales, and after-sales services, with headquarter in Beijing.	Not listed	1983	The PRC	Registered capital: US$3,212.6 million Number of staff: More than 10,000	Property management services	2020	Within 45 days of each month	12,472	1.0
5	Customer M	A company established in the PRC which principally engages in providing hospital logistics management services, medical support services and hospital management consulting services, with headquarter in Hunan.	Not listed	2011	The PRC	Registered capital: RMB4.1 million Number of staff: Ranging between 1,000 and 2,000	Property management services	2020	N/A: no specific period was set out in the relevant agreement	8,888	0.7

Notes:

1. Despite Customer A itself engages in, among others, the provision of property management services, Customer A also engaged us for the provision of property management services to it during the Track Record Period since our property management services was for its non-residential property project. Such non-residential property project is a commercial complex located in Chongqing that is in vicinity of a property project developed by Dima Group and shares common areas with such property project of Dima Group. Thus, to the best of our Directors' knowledge and belief, Customer A is of the view that engaging us for the provision of property management services should be more convenient and cost effective than performing property management services by themselves, without spending additional manpower and resources to liaise with us and resolve conflict (if any) in respect of the management of the common areas. The property management fees rate charged by us to Customer A was a similar level to those that we charged for provision of property management services for non-residential properties for Independent Third Parties in Chongqing.

2. Such customer is a branch office of a company, which has a registered capital of RMB598.5 million.

Depending on the types of property projects that our customers receive our provision of services from, we generally grant five to 45 working days from invoice day of credit period for customers who received our provision of property management services on case by case basis. We entered into property management service agreements with our five largest customers who were mostly property developers. Please refer to the paragraph headed "Our business model – Property management services – Agreements for our property management service" in this section for key terms of our property management service agreements. As at the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest customers in each of 2019, 2020 and 2021.

Suppliers

Our suppliers are primarily third-party subcontractors located in the PRC which provide cleaning, security, landscaping and certain repair and maintenance services. In each of 2019, 2020 and 2021, purchases from our five largest suppliers amounted to approximately RMB54.5 million, RMB73.9 million and RMB97.7 million, respectively, representing approximately 27.3%, 24.6% and 18.3% of our total purchases respectively. In each of 2019, 2020 and 2021, purchases from our largest suppliers amounted to approximately RMB16.7 million, RMB21.3 million and RMB28.1 million, respectively, representing approximately 8.4%, 7.1% and 5.3% of our total purchases respectively. All of our five largest suppliers in each of 2019, 2020 and 2021 were Independent Third parties, and most of them were third-party subcontractors. As at the Latest Practicable Date, none of our Directors, Supervisors, their respective associates or Shareholders who own more than 5% of the issued share capital of our Company were or had any interest in any of the five largest suppliers of our Group. We do not have any long-term agreements with our suppliers. The duration of agreements with our suppliers vary from six months to one year. Our suppliers generally grant us credit terms ranging from 14 to 45 working days and payment to our suppliers are generally settled by bank transfers. As at the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest suppliers in each of 2019, 2020 and 2021.

The table below sets out the details of our top five suppliers for the three years ended 31 December 2021:

For the year ended 31 December 2019

Ranking	Supplier	Background	Listing status	Year of establishment	Place of operation	Business scale as at the Latest Practicable Date	Key services provided to us	Business relationship since	Credit term	Purchase from the supplier *(RMB'000)*	Percentage to our total purchases *(%)*
1	Supplier A	A company established in the PRC which principally engages in providing safety and security services, with headquarter in Shanghai	Not listed	2011	The PRC	Registered capital: RMB80.8 million Number of staff: Approximately 400-500	Safety and security services	2015	Within 15 working days after receiving invoice	16,703	8.4
2	Supplier B	A state-owned enterprise established in the PRC with principally engages in provision of transmission and power supply services, with headquarter in Beijing	Not listed	2003	The PRC	Registered capital: RMB829.5 million	Electricity	2006	On or before 26th days of each month	14,139	7.1
3	Supplier C	A company established in the PRC which principally engages in providing cleaning services and landscaping maintenance services, with headquarter in Chongqing	Not listed	2013	The PRC	Registered capital: RMB12 million Number of staff: Ranging between 50 and 100	Cleaning services	2015	Within 45 working days after receiving invoice	9,062	4.5
4	Supplier D (which is also Customer A)	A company established in the PRC which principally engages in providing property leasing and property management services, with headquarter in Chongqing	Not listed	2016	The PRC	Registered capital: RMB1,443 million	Car parking spaces leasing services	2016	Within 15 working days after receiving invoice	7,372	3.7
5	Supplier E	A company established in the PRC which principally engages in providing property cleaning services, disinfection services and landscaping maintenance services, with headquarter in Chongqing	Not listed	2006	The PRC	Registered capital: RMB10 million Number of staff: Approximately 50-100	Cleaning services	2013	Within 45 working days after receiving invoice	7,174	3.6

For the year ended 31 December 2020

Ranking	Supplier	Background	Listing status	Year of establishment	Place of operation	Business scale as at the Latest Practicable Date	Key services provided to us	Business relationship since	Credit term	Purchase from the supplier *(RMB'000)*	Percentage to our total purchases *(%)*
1	Supplier A	A company established in the PRC which principally engages in providing safety and security services, with headquarter in Shanghai	Not listed	2011	The PRC	Registered capital: RMB80.8 million Number of staff: Approximately 400-500	Safety and security services	2015	Within 45 working days after receiving invoice	21,269	7.1
2	Supplier B	A state-owned enterprise established in the PRC with principally engages in provision of transmission and power supply services, with headquarter in Beijing	Not listed	2003	The PRC	Registered capital: RMB829.5 million	Electricity	2006	Before the end of the month in which invoice is received	15,803	5.3
3	Supplier C	A company established in the PRC which principally engages in providing cleaning services and landscaping maintenance services, with headquarter in Chongqing	Not listed	2013	The PRC	Registered capital: RMB12 million Number of staff: Ranging between 50 and 100	Cleaning services	2015	Within 45 working days after receiving invoice	13,247	4.4
4	Supplier F	A company established in the PRC which principally engages in providing safety and security services, with headquarter in Sichuan	Not listed	2015	The PRC	Registered capital: RMB10 million Number of staff: Ranging between 100 and 200	Safety and security services	2018	Within 15 working days after receiving invoice	12,678	4.2
5	Supplier E	A company established in the PRC which principally engages in providing property cleaning services, disinfection services and landscaping maintenance services, with headquarter in Chongqing	Not listed	2006	The PRC	Registered capital: RMB10 million Number of staff: Approximately 50-100	Cleaning services	2013	Within 45 working days after receiving invoice	10,909	3.6

For the year ended 31 December 2021

Ranking	Supplier	Background	Listing status	Year of establishment	Place of operation	Business scale as at the Latest Practicable Date	Key services provided to us	Business relationship since	Credit term	Purchase from the supplier *(RMB'000)*	Percentage to our total purchases *(%)*
1	Supplier B	A state-owned enterprise established in the PRC which principally engages in provision of transmission and power supply services, with headquarter in Beijing	Not listed	2003	The PRC	Registered capital: RMB829.5 million	Electricity	2006	Before the end of the month in which invoice is received	28,107	5.3
2	Supplier A	A company established in the PRC which principally engages in providing safety and security services, with headquarter in Shanghai	Not listed	2011	The PRC	Registered capital: RMB80.8 million Number of staff: Approximately 400-500	Safety and security services	2015	Within 45 working days after receiving invoice	22,792	4.3
3	Supplier F	A company established in the PRC which principally engages in providing safety and security services, with headquarter in Sichuan	Not listed	2015	The PRC	Registered capital: RMB10 million Number of staff: Ranging between 100 and 200	Safety and security services	2018	Within 15 working days after receiving invoice	21,029	3.9
4	Supplier E	A company established in the PRC which principally engages in providing property cleaning services, disinfection services and landscaping maintenance services, with headquarter in Chongqing	Not listed	2006	The PRC	Registered capital: RMB10 million Number of staff: Approximately 1,500	Cleaning services	2013	Within 45 working days after receiving invoice	13,526	2.5
5	Supplier G	A company established in the PRC which principally engages in providing labour dispatch services and human resources services, with headquarter in Chongqing	Not listed	2017	The PRC	Registered capital: RMB10 million Number of staff: Less than 50	Outsourcing human resources services	2019	On or before the 10th day of each month	12,275	2.3

Subcontracting

We delegate certain labour-intensive services and specialised services, primarily cleaning, security, landscaping, and repair and maintenance services, to third-party subcontractors, which are companies. We believe that such subcontracting arrangements enable us to leverage our human resources and technical expertise of our third-party subcontractors, reduce our labour costs and enhance our overall profitability. As at 31 December 2019, 2020 and 2021, we engaged 177, 244 and 279 third-party subcontractors. In each of 2019, 2020 and 2021, our subcontracting costs amounted to approximately RMB110.2 million, RMB162.3 million and RMB311.9 million, accounting for approximately 25.8%, 29.5% and 35.1% of our total cost of sales respectively.

Our five largest third-party subcontractors during the Track Record Period have been conducting business with our Group for a period ranging one year to four years. None of our Directors, Supervisors, their respective associates or Shareholders who own more than 5% of the issued share capital of our Company were or had any interest in any of the five largest third-party subcontractors of our Group during the Track Record Period. As confirmed by our Directors, all of our third-party subcontractors during the Track Record Period are Independent Third Parties and do not have any relationship with Dima Group.

Selection and management of third-party subcontractors

In general, our headquarters is responsible for supervising and reviewing the selection, management and evaluation of our third-party subcontractors and makes the relevant policy decisions in this aspect of our business operations. Our subsidiaries and branch offices support our headquarters in their supervision, review and decision-making processes. To ensure the overall quality of our third-party subcontractors, we maintain a list of qualified third-party subcontractors, the selection of which are based on factors, including, among others, their background, qualifications and past performance in providing subcontracted services to us. In order to ensure our third-party subcontractors on our pre-approved list possess the relevant qualifications for performing their services to us, we ask them to provide us with the relevant licences as part of our assessment of whether they are qualified as our third-party subcontractors. In hiring third-party subcontractors, our subsidiaries and branch offices may send invitations to tender to third-party 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 would usually ask them to provide us with the relevant latest valid licence(s) to ensure they still possess the valid qualification when they provide services to us.

We regularly monitor and evaluate our third-party subcontractors. Managers for each property project are expected to inspect the work of third-party subcontractors on a monthly basis and record any issues they detect. We have also established internal policies and procedures for managing complaints received about services provided by our third-party subcontractors. We formally review and evaluate our third-party subcontractors on a monthly basis. We would also conduct public search on the administrative penalty information to ascertain the compliance status of our third-party subcontractors and check the validity of the license of our third-party subcontractors annually. As at the Latest Practicable Date, our PRC Legal Advisers confirmed that our major third-party subcontractors were not subject to any material administrative penalty which would affect relevant licenses, permits and certificates necessary for conducting their business operations. For details regarding our risks related to engagement of third-party subcontractors, please refer to the section headed "Risk factors – Risks relating to our business and industry – We rely on third-party subcontractors to perform certain property management services and may be held responsible for their substandard services to our customers" in this prospectus.

Key terms of subcontracting agreements

A typical subcontracting agreement entered into between third-party subcontractor and us generally include the following key terms:

- *Term* – Generally has a fixed term of one year.

- *Scope of services* – The agreement provides the scope of services that the third-party subcontractor is obliged to provide.

- *Performance standards* – The agreement sets out the quality standards required for the provision of subcontracting services.

- *Our rights and obligations* – Generally, we have both the right and obligation to supervise and evaluate our third-party subcontractors. We are also responsible for providing them with the necessary support for completion of their services. We generally pay subcontracting fees on a monthly basis. We are entitled to collect damages for breach of contract or deduct subcontracting fees if our third-party subcontractors fail to adhere to our performance scope and standards.

- *Rights and obligations of third-party subcontractors* – Our third-party subcontractors are responsible for obtaining all licences, permits and certificates necessary for conducting their business operations and to provide for labour welfare in accordance with the relevant labour law and regulations of the PRC in accordance with the applicable laws and regulations. They also undertake to provide their services in accordance with the scope, frequency and standards of quality prescribed in the relevant subcontracting agreements. We requested the third-party subcontractor to indemnify us in the event, among others, they fail to obtain the relevant licenses, permits and certificates necessary for conducting their business operations or fail to provide their services as required.

- *Risk allocation* – Our third-party subcontractors manage their own employees, with whom we have no employment relationship. Our third-party subcontractors are responsible for 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 third-party subcontractor in the course of providing the contracted services.

- *Sub-contracting fees* – The subcontracting agreements set out fixed sub-contracting fees based on the fixed average fees for each staff and the number of staff agreed to be assigned to our projects. Actual sub-contracting fees will be calculated on monthly basis based on the number of staff on duty. The sub-contracting fees are payable on a monthly basis.

- *Termination* – We generally have the right to terminate the agreement if our third-party contractors fail to adhere to their obligations.

There is generally no automatic renewal clause in the subcontracting agreements with our third-party subcontractors. We normally enter into subcontracting agreements with our third-party subcontractors upon expiry of the previous agreement with them, should we retain their services.

Overlapping customers and suppliers

During the Track Record Period, among our top five customers and suppliers, we had two overlapping customers and suppliers ("**Overlapping Customers-Suppliers**"). The following table sets out (i) our sales amount; (ii) the average gross profit margin; and (iii) purchase amount attributable to the Overlapping Customers-Suppliers during the Track Record Period:

	Year ended 31 December		
	2019	**2020**	**2021**
Sales to the Overlapping Customers-Suppliers			
Sales amount (RMB'000)	216,441	322,394	380,798
As a percentage of our total sales amount (%)	38.7	42.0	31.9
Average gross profit margin (%)	45.3	47.2	32.5
Purchase from the Overlapping Customers-Suppliers			
Purchase amount (RMB'000)	7,919	6,900	9,394
As a percentage of our total purchases (%)	4.0	2.3	1.8

Dima Group and its related parties was one of the Overlapping Customers-Suppliers. During the Track Record Period, on the one hand, we provided them with property management services, community value-added services and value-added services for non-property owners; on the other hand, we also purchased car parking spaces using rights from Dima Group and its related parties for our provision of car parking spaces sales services, being one of our community value-added services. Our sales to Dima Group and its related parties for the three years ended 31 December 2021 amounted to approximately RMB211.1 million, RMB317.5 million and RMB374.9 million, respectively, representing approximately 37.7%, 41.4% and 31.4% of our total sales, respectively. During the Track Record Period, our purchase from Dima Group and its related parties amounted to approximately RMB547,000, nil and nil, respectively, representing approximately 0.3%, nil and nil of our total purchases, respectively.

During the Track Record Period, we provided property management services to the remaining Overlapping Customers-Suppliers (i.e. Customer A which is also Supplier D); on the other hand, we also purchased car parking spaces leasing services from it. Our sales to such remaining Overlapping Customer-Supplier for the three years ended 31 December 2021 amounted to approximately RMB5.4 million, RMB4.9 million and RMB5.9 million, respectively, representing approximately 1.0%, 0.6% and 0.5% of our total sales, respectively. The gross profit margin of sales to customer A was approximately 75.9%, 82.4% and 63.7% during the Track Record Period, respectively. During the Track Record Period, our purchase from it amounted to approximately RMB7.4 million, RMB6.9 million and RMB9.4 million, respectively, representing approximately 3.7%, 2.3% and 1.8% of our total purchases, respectively.

EFFECTS OF THE COVID-19 OUTBREAK

An outbreak of the COVID-19 was first reported in late 2019 and continuous to spread across the PRC and worldwide. With the recent emergence of the Omicron virus variant, which is significantly more infectious than its predecessors, based on past experience gained from previous rounds of COVID-19 outbreak, the Chinese government has improved infection control measures, vaccines and drugs to have the spread of the Omicron virus variant within control, according to CIA. As at the Latest Practicable Date, there had been no cases of COVID-19 infection of the residents, tenants or our staff of the property projects 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 third-party subcontractors and utilities service providers and the supply of materials from our suppliers. In addition, as at the Latest Practicable Date, we did not experience any labour shortage caused by the COVID-19, including the recent emergence of the Omicron virus variant, and did not experience any material difficulties in collecting property management fees. As advised by CIA, although the Omicron virus variant may create uncertainties for the macro-economic environment in China and the real estate industry in short run, it is expected that it will have limited impact on the real estate industry and property management industry in the medium- and long-term, our Directors consider that while the supply chains in all industries may be disrupted to a certain extent by the outbreak of COVID-19, in particular with the recent emergence of the Omicron virus variant that may result in prolonged suspension of business operations in the PRC and the instability of workforce arising from the mandatory quarantine requirements, in view of the nature of our business, our Directors do not expect that we will encounter any material disruptions of our supply chain given that we do not rely on any particular third-party subcontractors or suppliers and there are many other readily available third-party subcontractors and suppliers in the market as our 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. In addition, we believe that the outbreak of COVID-19, including the recent emergence of Omicron virus variant, has created an opportunity for us to establish stronger bonds with the property owners and residents, increasing their recognition, trust and satisfaction of our brand and services, as we not only provide daily living-related services, but also extensive preventive measures that safeguarded the community, health and well-being of our property owners and residents during the outbreak.

The property market in the PRC, may be adversely affected due to, among others, delays in property constructions. The outlook of the property market, economy slowdown and/or negative business sentiment may have an indirect impact on the property management market and our business operation and results of operation in the short term. To the best of our Directors' knowledge and belief after consulting Dima Group and other property developers that we collaborate, we do not anticipate there will be any material delay in the delivery of the property projects sourced from Dima Group and other property developers for our management as scheduled, even since the recent emergence of the Omicron virus variant. Given the nature of our business operations, unlike other industries, such as retail and manufacturing which may be subject to extensive or even complete suspension of operations for a period of time as a result of the outbreak of the COVID-19, including the recent emergence of the Omicron virus variant, our Directors are of the view that the risks of our Group having to suspend our operations or terminate our provision of property management services and value-added services a result of the outbreak of COVID-19, including the recent emergence of the Omicron virus variant, 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 outbreak of the COVID-19, including the recent emergence of the Omicron virus variant.

Our contingency plan and response towards of the outbreak of the COVID-19

To prevent the transmission of the COVID-19, including the recent emergence of the Omicron virus variant, within the community under our management and to minimise the disruptions that may be caused to our business operations, we have implemented a contingency plan including identification of and discussions with various major third-party subcontractors and suppliers which meet our demands and requirements to ensure the stability and consistency of our services, sourcing of sufficient quantities of materials for our operations to reduce any disruptions that may cause, and implementation of flexible rotation arrangements for our staff across the PRC with an aim to control and minimise possible community transmission of COVID-19, including the recent emergence of the Omicron virus variant. Furthermore, we have promptly taken enhanced hygienic precautionary measures, including distribution of protective masks, temperature screening at entry of buildings, sanitising and disinfection of common areas. The additional costs for implementing these enhanced measures mainly related to masks, ethanol hand wash, disinfectants and infrared thermometers, and such costs amounted to approximately RMB1.8 million and RMB98,000 for the two years ended 31 December 2020 and 2021, respectively. Such additional costs were borne by our Group. Our Directors are of the view that such additional costs associated with the enhanced measures did not have significant adverse impact on our Group's financial position for the two years ended 31 December 2020 and 2021.

Effects of the outbreak of the COVID-19 on our business strategies

Our long-term objective is to expand our geographical presence while expanding property portfolio that we manage and our customer base. Currently, it is one of our business strategies to achieve such objective through independent acquisitions of property management companies.

While the property market in the PRC may experience certain extent of impact as a result of the outbreak of COVID-19, including the recent emergence of Omicron virus variant, with the improved infection control measures, vaccines and drugs to have the spread of the Omicron virus variant within control, we believe that the market of residential property management and non-residential property management are able to remain stable and resilient. According to the CIA Report, the outbreak of COVID-19 is expected to cause certain short-term economic slowdown across the PRC but it will unlikely affect the regional macroeconomic development plan in the long run. As at the Latest Practicable Date, the outbreak of COVID-19 including the recent emergence of Omicron virus variant, is within control across the PRC. Thus, we believe the outlook for the demand of residential and non-residential properties and related property management services across the PRC will remain positive. We believe that our expansion plan is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in the section headed "Future plans and use of proceeds" in this prospectus as a result of the outbreak of COVID-19.

QUALITY CONTROL

Our Group highly values the importance of the quality of our services for our long-term success and prosperity. We have a dedicated quality control team, who primarily focus on maintaining service standards, standardising service procedures and supervise service quality throughout our operational processes.

Quality control over our services

We were first accredited with (i) GB/T 19001-2008/ISO9001:2008 quality management system certification in 2009; and (ii) both GB/T 24001-2016/ISO14001:2015 environment management system certification and OHSAS18001:2007/GB/T 28001-2011 occupational health and safety management system certification in 2017. To ensure the effective consistent 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.

We believe our customers are crucial to our business and value their feedbacks and suggestions. During the ordinary course of our business, we receive feedbacks, suggestions and complaints from property owners and residents of the property projects we manage from time to time regarding our quality and effectiveness of services. We have established 400 service hotline to record, process and respond to the feedback, suggestions and complaints and conduct follow-up reviews of the results of our responses. We require all requests and complaints from our customers be responded to and solved with a specific timeline. Our "原管家" (YOU Butler*) also closely interact with customers and collect their feedback and opinions. In addition, we also engage independent professional institutions to assist us to assess our service quality by independent mystery conducing customer surveys and customer satisfaction surveys.

We were recognised for our effort in providing customers oriented services. Please refer to the paragraph headed "Award and recognition" in this section.

We were able to adjust upward our property management fees in the past, which reflected our customers' high level of satisfaction to our provision of services. For example, during the three years ended 31 December 2020, we adjusted our property management fees for one of the property projects that we managed in Chongqing with an increase of approximately 18.8% and 16.7%, from RMB1.6 per sq.m. and RMB1.8 per sq.m. to RMB1.9 per sq.m. and RMB2.1 per sq.m., for high-rise and mid-rise residential unit, respectively. We commenced to manage this property project in 2010. We adjusted our property management fees when we entered the renewed property management service agreement with the property owners' associations in 2018. Apart from adjustment to our existing property management fees, we also managed to set our property management fees higher than the one charged by the previous property management provider for new property projects that we obtained. For instance, the property management fees for residential unit at a property project was originally set as RMB1.7 per sq.m.. However, after having considered the costs to be incurred for provision of property management at a certain level of quality which our customer would opt for, we managed to enter into a property management service agreement for this property project at a higher property management fees at RMB2.1 per sq.m. for its residential unit in 2018.

In order to enhance and improve the overall quality of all services provided by Dima Group, Dima Group commissioned 北京賽惟諮詢有限公司 (Beijing Saiwei Consulting Company Limited*), an independent consulting company with focus on customers' relationship in real estate industry, to issue a customers' satisfaction report in 2019 and 2020 at RMB1,044,960 and RMB1,274,000, respectively. According to such reports, the key product customers' satisfaction level for the property management services provided by our Group was 94 and 94 in 2019 and 2020, respectively, being higher than the average industry score in the PRC in 2019 and 2020. In particular, we were ranked first among 96 property management companies in the PRC in terms of our property management services customers' satisfaction level in 2019. In conducting the survey, the consulting company enquired more than 1.1 million property owners and residents in projects developed by 97 property developers over 250 cities across the PRC. In respect of the property projects under our management, such consulting company enquired approximately 7,840 residents out of approximately 66,000 residents, with a sampling error of approximately 1.04% at a confidence level 95%, the overall score of customers' satisfaction level is calculated based on the ratings given by customers per each property management services-related questions according to a satisfaction metrics. For example, a customer would be asked to rate in a scale from one being least satisfied and five being fully satisfied in response to what is his/her overall satisfactory level towards our provision of property management service in the property they reside in. Thus, a higher scoring is indicative of higher satisfactory level from the customers towards the property management service provider, according to Beijing Saiwei Consulting Company Limited*. The key factors in Beijing Saiwei Consulting Company Limited's assessment of customers' satisfaction level include, among others, our customers' first impression of the quality of our services, the standard of the provision of our services, the responsiveness of our Group's employees to our customers' requests, the atmosphere at the residential communities that we manage, whether our customers would retain and recommend our services etc..

Quality control over third-party subcontractors

We typically include in the agreements with third-party subcontractors detailed quality standards for the services to be provided. We regularly monitor and evaluate the performance of the third-party subcontractors and may require them to take necessary rectification measures when their services do not meet the agreed standards. We also conduct annual assessment regarding the quality of services provided by our third-party subcontractors. We have the contractual right to adjust the subcontracting fees and decide whether to continue our subcontracting agreement depending on the outcomes of such surveys. Please refer to the paragraph headed "Customers and suppliers – Suppliers – Subcontracting" in this section above for further details.

Quality control over third-party suppliers

We implement a variety of measures and policies to ensure the quality of products and services offered by third-party suppliers, such as screening candidate suppliers by examining their qualifications and conducting on-site inspection of their business premises, before entering into agreements with them. We also conduct annual assessment on our suppliers in respect of qualification, scale of operation and service quality. We also have the right to replace a third-party supplier in the event of substandard performance.

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 and financial results.

RESEARCH AND DEVELOPMENT

Our in-house research and development team is primarily responsible for the development and maintenance of our property management system. As at 31 December 2021, we had a team of 35 research and development personnel, of which one of them has obtained Microsoft Certified Technology Specialist Certification. Our total expenditure for research and development amounted to approximately RMB2.6 million, RMB4.3 million and RMB5.6 million for the three years ended 31 December 2021, respectively, which was mainly for the wages of our research and development personnel, maintenance of IT facilities and engagement with IT services third-party subcontractors.

INTELLECTUAL PROPERTY

We regard our intellectual property rights to be material to our operations. As at the Latest Practicable Date, we had registered eight domain names, 89 trademarks and 27 software copyrights in the PRC and two trademarks in Hong Kong which, our Directors are of the view that, are material to our business. Please refer to the section headed "Statutory and general information – Further information about the business of our Company – 8. Intellectual property rights of our Group" in Appendix VI to this prospectus for further details.

As at the Latest Practicable Date, we were not aware of any infringement which could have a material adverse effect on our business 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 party with respect of intellectual property rights.

COMPETITION

The property management industry in the PRC is intensely competitive and fragmented with numerous market participants. According to CIA, in 2021, we were ranked the 52nd and 53rd among the "2021 Top 100 Property Management Companies in China" (2021中國物業服務百強企業) in terms of total revenue generated in the PRC in 2020 and total GFA under management in the PRC in 2020, respectively. We believe that our principal competitive factors include operation scale, price and quality of services, brand recognition and financial resources. For further details about the competitive landscape of the industry and markets that we operate in, please refer to the section headed "Industry overview – Competition" in this prospectus.

AWARD AND RECOGNITIONS

The following table sets out some of our awards received during the Track Record Period and as at the Latest Practicable Date:

Year	Award/Recognition	Awarding entity
2019	Rank the 1st among 96 property management companies in the PRC in terms of our property management services	Beijing Saiwei Consulting Company Limited* (北京賽惟諮詢有限公司)
2020	Rank the 23rd among the "2020 Top 100 Property Management Companies in China" (2020中國物業服務百強企業) in terms of overall strength[1]	CIA
2020	2020 specialised operational leading brand of China property services companies (2020中國物業服務專業化營運領先品牌企業)	CIA
2020	2020 leading brand in customer satisfaction of China real estate companies (2020中國物業服務滿意度領先品牌企業)	CIA
2020	2020 property brand worthy of attention in capital market (2020值得資本市場關注的物業服務企業)	CIA
2020	2020 potential unicorn of property management service* (2020物業服務企業潛力獨角獸)	China Property Management Institute (中國物業管理協會) and China Real Estate Appraisal (中國房地產測評中心)
2021	Rank the 20th among the "2021 Top 100 Property Management Companies in China" (2021中國物業服務百強企業) in terms of overall strength[1]	CIA
2021	Rank 52nd and 53rd among the "2021 Top 100 Property Management Companies in China" (2021中國物業服務百強企業) in terms of total revenue generated in the PRC in 2020 and total GFA under management in the PRC in 2020	CIA
2021	2021 leading property management company for service satisfaction* (2021物業服務滿意度領先企業)	CRIC Property Management* (克而瑞物管) and Shanghai E-House Real Estate Research Institute (上海易居房地產研究院) and China Real Estate Appraisal (中國房地產測評中心)

1. Each year CIA publishes the "Top 100 Property Management Companies in China" in terms of overall strength based on the data from past five years on key factors such as, among others, management scale, operational performance, service quality, social responsibility, and growth potential in the next three years of the property management companies under consideration.

Year	Award/Recognition	Awarding entity
2021	2021 top 10 companies in providing urban services* (2021城市服務TOP10企業)	CRIC Property Management* (克而瑞物管) and Shanghai E-House Real Estate Research Institute (上海易居房地產研究院) and China Real Estate Appraisal (中國房地產測評中心)
2021	2021 top 10 companies in providing hospital property services* (2021醫院物業服務力TOP10企業)	CRIC Property Management* (克而瑞物管) and Shanghai E-House Real Estate Research Institute (上海易居房地產研究院) and China Real Estate Appraisal (中國房地產測評中心)
2021	2021 top 10 companies in providing park property services* (2021園區物業服務力TOP10企業)	CRIC Property Management* (克而瑞物管) and Shanghai E-House Real Estate Research Institute (上海易居房地產研究院) and China Real Estate Appraisal (中國房地產測評中心)
2021	"Top 100 Property Service Companies in 2021" (2021物業服務力百強企業)	CRIC Property Management* (克而瑞物管) and Shanghai E-House Real Estate Research Institute (上海易居房地產研究院) and China Real Estate Appraisal (中國房地產測評中心)
2021	2021 top 30 property service companies in terms of comprehensive strength in China* (2021中國物業服務企業綜合實力TOP30)	EH Consulting* (億翰智庫) and Jiahe Jiaye* (嘉和家業)
2021	2021 top 10 property service companies in operational capability in China* (2021中國物業服務企業運營能力十強)	EH Consulting* (億翰智庫) and Jiahe Jiaye* (嘉和家業)
2021	2021 top 20 property service companies in brand value in China* (2021中國物業服務企業品牌價值二十強)	EH Consulting* (億翰智庫) and Jiahe Jiaye* (嘉和家業)
2021	2021 top 50 property service companies for customer satisfaction in China* (2021中國物業服務企業客戶滿意度模範企業五十強)	EH Consulting* (億翰智庫) and Jiahe Jiaye* (嘉和家業)

OCCUPATIONAL HEALTH AND SAFETY

During the Track Record Period, we conducted our operations in accordance with standards represented by our OHSAS18001:2007/GB/T 28001-2011 occupational health and safety management system certification, which we first obtained from China Quality Certification Centre in 2017. We provide various training programs to our employees in accordance with their respective duty and position requirements. During the Track Record Period and as at the Latest Practicable Date, we did not experience any material accidents involving personal injury or property damage. Our Directors confirm that there were no material labour disputes or labour-related legal proceedings or claims against us during the Track Record Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Identification and assessment of environmental, social and governance risks and issues

We are committed to environmental protection and have adopted and implemented measures to ensure that we comply with all applicable requirements, including the standards represented by our GB/T 24001-2016/ISO14001:2015 environment management system certification, which we first obtained from China Quality Certification Centre in 2017. Given the nature of our operations, we believe that we are not subject to material risks or compliance costs in relation to environmental issues. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fines or penalties for non-compliance of PRC environmental laws, nor were we subject to any material administrative penalties in relation to violations of PRC environmental laws. Nevertheless, if we are unable to comply with existing or future environmental laws and regulations or are unable to meet public expectations in relation to environmental issues, we may be required to pay fines and penalties, and our reputation may be damaged. Please refer to the section headed "Risk factors – Risks relating to our business and industry – Any liability to comply with our environmental responsibilities may subject us to liability" in this prospectus for details of the relevant risk.

We have also adopted policies on compensation and dismissal, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Environmental, social and governance ("ESG") and climate-related risks and opportunities

Our governance regarding environmental, social and climate-related risks and opportunities

Our ESG policy provides guidelines to the management of our environmental, social and climate-related issues. In particular, our ESG policy on the management of severe weather conditions lists out the measures to be taken against the increasing rate of extreme weather conditions, such as typhoons and flooding, due to climate change.

We are highly aware of the Stock Exchange's ESG requirements. We believe that it requires collective effort from our Board to evaluate and manage material ESG issues. Our Board closely follows and monitors the latest requirements regarding ESG disclosure and regulatory compliance.

Our Board has collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and evaluating, determining and addressing our ESG-related risks at least once a year. Our Directors will actively participate in designing our ESG strategies and targets, and will evaluate, determine and address our ESG-related risk. Some of the current ESG policies and targets implemented by our Company include, among others, (i) guidance on consumption of resources causing environmental harm, and adoption of cost-effective, environmentally friendly & energy saving measures; (ii) earthquake handling plans; (iii) disastrous weather handling plans; (iv) pandemic response plans; (v) gas leakage handling plans; (vi) water flooding handling plans; and (vii) emergency fire response plans. Our Board may access or engage independent third party(ies) to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks.

We are committed to comply with the ESG reporting requirements upon Listing. We have established an ESG policy ("**ESG Policy**") in accordance with Appendix 27 of the Listing Rules. Our ESG Policy outlined, among others, (i) identification of key performance indicators ("**KPI**") and the relevant measurements; and (ii) our personnel being responsible for monitoring the KPIs. We focus on areas such as economic responsibility, employee responsibility, customer responsibility, environment responsibility and public responsibility.

We intend to establish communication channels with stakeholders, so that we could review the issues material to stakeholders, and monitor how our environmental, social and climate-related performance has impacted different stakeholders.

Impact of environmental, social and climate-related issues and opportunities

Climate change has resulted in harsh weather, which we believe poses a certain level of threat to us. Climate-related risks identified by us include: (i) physical risks; and (ii) transitional risks.

1. *Physical risks* – We define risks that potentially cause physical impact to us as physical risks. We believe that climate-related issues may bring about the risk of increasingly severe extreme weather events, such as more frequent storms, typhoons and flooding. We may potentially be affected by an increased operation and maintenance costs, as well as increased investment in insurance for protection. The health and safety of our employees may also be endangered; and

2. *Transitional risks* – We believe that our customers may shift their preferences to a sustainable lifestyle as a result of climate change and global trends to reduce carbon emissions to facilitate transition to a low-carbon community. Therefore, we may face transitional risks that would require us to move towards a sustainable business model, resulting in increased operational costs from potential changes in operational practices. For instance, we may need to switch to energy efficient lighting or increase greenery areas in property projects that we manage. With regard to increasing responsibilities on emission disclosure, we may be affected by increased cost to execute more stringent monitoring measures on emission and resources consumption.

Identification, assessment and management of environmental, social and climate-related risks and opportunities

Based on our management's judgement and with reference to the materiality maps provided by well-known external institutions including the ESG Industry Materiality Map by MSCI and SASB Materiality Map by Sustainability Accounting Standards Board (SASB), we have identified the following material environmental, social and climate-related issues and their respective potential impacts that are highly related to our business:

Material issues	**Potential risks, opportunities and impacts**
Transition to green building and energy management	Facilities and equipment of our operational premises may provide space for us to enhance our environmental performance through selecting more energy efficient equipment. While this may potentially incur a cost for new equipment and facilities in the short term and increased operational cost, our environmental performance may be enhanced.
Physical impacts of climate change	Climate change may lead to risks like more extreme weather conditions. Such risk may lead to potential physical impacts such as potentially more damage in the property projects that we manage, which may ultimately cause increased operational costs.
Product design and lifecycle management	The maintenance of facilities and equipment at operation sites may incur additional costs if said facilities are not properly maintained.
Business ethics	Regulatory risks in failing to maintain good business ethics may cause compliance-based impacts. However, outstanding business ethics may help us yield a positive business image.

We have established in place various mitigation and measures to prevent and manage the risks from environmental, social and client-related issues from causing unnecessary impact on our operations. We have obtained internationally-organised management system certifications, such as GB/F 24001-2016/ISO14001:2015 environment management system certification and OHSAS18001:2007/GB/T 28001-2011 occupational health and safety and safety management system certification, to regulate and control various risks. We also regularly perform maintenance of our equipment to minimise the risk of unmaintained equipment causing damage to the property projects that we manage and the health and safety of employees and staff.

To mitigate climate-related risks such as more frequent extreme weather conditions, we have in place emergency plans against extreme weather conditions where employees and other personnel are notified promptly with any related measures. To ensure that all personnel are well prepared for such extreme weather conditions, regular evacuation drills are conducted.

Furthermore, we are willing to consult third-party professional entities to improve its compliance and quality on emission disclosures, and regularly communicates with different stakeholders on their views on climate-related issues.

Metrics and targets on environmental, social and climate-related risks

We have taken into account the quantitative information that reflect our management for environmental, social and climate-related risks, which includes greenhouse gas emissions and resource consumption. Greenhouse gas emissions consists of (i) scope 1 direction emissions, including the greenhouse gas emissions from stationary combustion sources and vehicles; and (ii) scope 2 indirect emissions, including the greenhouse gas emissions from usage of purchased electricity. We do not emit in scope 1 since we do not have stationary combustion sources and vehicles. We have taken our 10 subsidiaries with highest revenue contribution in the year ended 31 December 2021 into consideration for the following quantitative analysis:

Emissions	**For the year ended 31 December 2021**
Greenhouse gas emissions (tonnes CO_2 equivalent)	32,222.9
– Scope 1 (direct emissions) (tonnes CO_2 equivalent)	–
– Scope 2 (indirect emissions) (tonnes CO_2 equivalent)	32,222.9
Intensity (tonnes CO_2 equivalent/’000 m^2 GFA)	2.4

Resource consumption	**For the year ended 31 December 2021**
Water consumption (m^3)	928,424.8
Intensity (m^3/’000 m^2 GFA)	73.9
Energy consumption (MWh)	32,319.8
– Direct consumption (MWh)	–
– Indirect consumption (MWh)	32,319.8
Intensity (MWh/’000 m^2 GFA)	2.4

CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage the cash inflows and outflows of our subsidiaries and branch offices in their ordinary course of business. Generally, we encourage our subsidiaries and branch offices to settle their transactions through bank transfers to lower the risks in relation to managing cash. Our employees are expressly forbidden from removing and/or using our cash for private or other purposes not in line with our ordinary course of business.

Cash flow transactions	Cash handling policies and internal control measures
Receipt of property management fees or other service fees from our customers	We typically have designated cashiers or customer service personnel specially responsible for cash collection who verify that the amount of cash collected is correct prior to issuing receipts. We require our subsidiaries and branch offices to record all cash collections and deposit all cash received in the designated bank accounts in a timely manner. We check the bank account balances of our subsidiaries and branch offices on a regular basis. While implementing the commission basis, all property management fees collected must be deposited into bank accounts opened jointly with respective property owner associations.
Opening and managing bank accounts of our subsidiaries and branch offices	Our subsidiaries and branch offices must adhere to our internal policies and procedures in relation to the opening of bank accounts. They are generally required to complete an application form before opening any bank accounts. Our subsidiaries and branch offices are typically required to reconcile and check bank balances on a monthly basis.
Cash transfers between our centralised bank account and the bank accounts of our subsidiaries and branch offices	Cash is transferred between the bank accounts of our subsidiaries and branch offices and our centralised bank account monthly through a bank-corporation direct transfer channel. We transfer cash from our centralised bank account to our subsidiaries and branch offices once our management team have reviewed and approved the cash budgets and plans proposed by our subsidiaries and branch offices.

Cash flow transactions	Cash handling policies and internal control measures
Payments made to suppliers, service providers and third-party subcontractors of our subsidiaries and branch offices	Payments by our subsidiaries and branch offices to their suppliers, service providers and third-party subcontractors shall be pre-approved by the responsible supervising personnel at a higher level. Once approved, such payments shall be made directly from the bank accounts of our subsidiaries and branch offices. While implementing the commission basis, we will form monthly payment plans in advance for review and approval by property owners' associations. Upon receiving approval, designated cashiers will transfer the necessary funds from the shared bank accounts to our branch office's bank accounts, and we will pay our suppliers in accordance with the procedures and amounts specified in the payment plans. At the end of each month, we will provide financial statements showing the cash inflows and outflows in our branch offices' bank accounts to property owners' associations for review.
Cash on hand and bank deposits	Our subsidiaries and branch offices are not allowed to keep more than RMB20,000 in cash on hand for each property project it is responsible for. We require that excess amount be deposited into the bank accounts of our subsidiaries and branch offices within the day they are received. We check and monitor the bank account balances and balances of cash on hand of our subsidiaries and branch offices on a regular basis. We require our subsidiaries and branch offices to conduct daily check and monthly reconciliation to identify any discrepancy among their bank account balance, cash on hand and internal accounting system on a timely basis. Any discrepancy will be analysed and resolved timely. Various levels of management approve payment applications according to the authority assigned to them by our internal manual.

INSURANCE

We believe that our insurance coverage is in line with the industry practice in the PRC. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily including (i) liability insurance to cover liabilities for property damages or personal injury suffered by third parties arising out of or related to our business operations, and (ii) property insurance for damages to both movable and immovable property owned by us or in our custody. We require our third-party subcontractors to purchase accident insurance for their employees who provide services to our Group. In accordance with our agreements with third-party subcontractors, the third-party subcontractors are responsible for all workplace injuries to their employees, except for the injuries directly attributable to us.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. For further details, please refer to the section headed "Risk factors – Risks relating to our business and industry – Our insurance policies may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter" in this prospectus. During the Track Record Period and as at the Latest Practicable Date, we did not make any material insurance claims.

EMPLOYEES

As at 31 December 2021, we had a total of 4,170 full time employees in the PRC. The following table sets out a breakdown of our employees by function as at 31 December 2021:

Function	**Number of employees**	**%**
Human resources and administration	166	4.0
Finance	84	2.0
Project management	86	2.1
Property management on-site operation	3,265	78.3
Value-added services operation	335	8.0
Marketing	85	2.0
Quality control	95	2.3
Research and development	35	0.8
Management	19	0.5
Total	4,170	100.0

Recruitment

We endeavour to hire the best talented employees in the market by offering competitive wages and benefits, systematic training opportunities and internal upward mobility. We hire employees through a combination of online recruitment, campus recruitment, third-party recruiting agencies and referrals. During the Track Record Period, we engaged 19, 32 and 139 staff through labour dispatch in order to provide us with greater flexibility with business operations. We entered into labour dispatching service agreements with independent labour dispatch service providers ("**Providers**") with the terms of the agreements ranging from one to two years (or until the end of term of the last dispatched worker), and renewable upon mutual consent or automatically if no dispute arises (where applicable). As advised by our PRC Legal Advisers, the entering into labour dispatching service agreements complies with the relevant PRC laws and regulations. The key terms of the labour dispatching agreements include the following:

Our responsibilities	• Supervising and managing the work of the dispatched workers; • Providing work trainings to the dispatched workers; • Providing necessary work facilities, utensils and safety protection materials; • Paying remuneration to and making relevant social insurance and housing provident fund contributions for the dispatched workers; and • Paying a monthly service fee to the Providers.
Obligations of the Provider	• Dispatching suitable workers; • Dispatching replacement workers at our request; and • Entering into and managing the employment contract with the dispatched workers.
Risk allocation	We are responsible for indemnifying the Providers of the relevant costs (including medical costs, costs of loss of work, disability allowance) after the occurrence of occupational injuries. If such costs was not covered by any social insurance, we are responsible for paying such costs or indemnifying the relevant Providers for such costs paid out by them. In some of the labour dispatching service agreements, we are also responsible for notifying the Providers of the occurrence of occupational injuries within 24 hours, failure of which will result in us indemnifying the relevant Providers of any further costs arising out of the occurrence of occupational injuries.

Training

We provide various training programs to our employees in accordance with their respective duty and position requirements. We aim to improve the overall skill level and performance of our employees to assist us in our business development.

Labour unions

As at the Latest Practicable Date, save as our employees of each of Sichuan Dongyuan, its Mianyang branch office, and Sichuan and Wuhan branch offices of Chongqing Dongyuan formed labour union, our employees did not form any labour union. During the Track Record Period and up to the Latest Practicable Date, we did not engage in any material disputes with our employees, or experience any strike, labour disputes or industrial actions which may have a material adverse impact on our business, financial position and results of operation.

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. During the Track Record Period, some of our subsidiaries did not make full contributions to the social insurance and housing provident funds for some of our employees as required under the PRC laws and regulations. For further details regarding such non-compliance, please refer to the paragraph headed "Legal proceedings and non-compliance – Non-compliance" in this section below.

LICENCES, PERMITS AND CERTIFICATES REQUIRED FOR OUR BUSINESS

As at the Latest Practicable Date, as advised by our PRC Legal Advisers, save as disclosed in the paragraph headed "Legal proceedings and non-compliance – Non-compliance" in this section below, we held all necessary certificates, licences and permits from relevant authorities for the operation of our business in all material respects, and all of our material certificates, licences and permits were in force as at the Latest Practicable Date. We are required to renew such certificates, licences and permits from time to time. As advised by our PRC Legal Advisers, 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 procedure set out in relevant laws and regulations.

The following table sets out the major licenses and permits for our subsidiaries and significant branches which are required to operate our business as at the Latest Practicable Date:

Type of certificates/licences	Number of certificates/ licences	Issuing authority	Range of expiration date
Property management service company qualification/filing certificate (物業服務企業資質/備案證)	4	MOHURD and various district branches of the National Land Resources and Housing Administration of the PRC (國土資源和房屋管理局)	N/A[1]
Labour dispatch business license/filing (勞務派遣經營許可證/備案)	4	Chongqing Human Resources and Social Security Bureau (重慶人力資源和社會保障局) and Guilin Administrative Approval Bureau (桂林市行政審批局)	8 September 2022 to 22 July 2024
Human resources service license (人力資源服務許可證)	5	Various district branches of the Human Resources and Social Security Bureau of the PRC (人力資源和社會保障局)	30 December 2024 to 18 September 2026
Self-recruiting security guard unit record certificate/filing (自行招用保安員單位備案證/備案)	9	Various district branches of the Public Security Bureau of the PRC (公安局)	N/A[2]
City domestic waste sweeping, collection services business license (城市生活垃圾經營性清掃、收集服務許可證)	1	Chongqing Environmental Health Administration (重慶市環境衛生管理局)	N/A
City domestic waste operational transportation service license (城市生活垃圾經營性運輸服務許可證)	1	Chongqing Environmental Health Administration (重慶市環境衛生管理局)	N/A
Hygiene permit (衛生許可證)	13	Various district branches of the Administrative Approval Bureau of the PRC (行政審批局)	16 August 2022 to 17 November 2025

Type of certificates/licences	Number of certificates/ licences	Issuing authority	Range of expiration date
Real estate agency filing (房地產經紀機構備案)	4	Various district branches of MOHURD and Chongqing Land Resources Housing Evaluation and Brokers Association (重慶市國土資源房屋評估和經紀協會)	22 July 2023 to 26 April 2024
Parking lot registration certificate (停車場備案登記證)	27	Various district branches of Municipal Landscape Administration of the PRC (市政園林管理局)	N/A
Urban sewage discharge network license (城鎮污水排入排水管網許可證)	2	Various local branches of Chongqing Municipal Commission of Housing and Urban-Rural Development (重慶市住房和城鄉建設委員會)	8 July 2024 to 5 July 2026
Construction enterprise qualification certificate (建築業企業資質證書)	1	Chongqing Municipal Commission of Housing and Urban-Rural Development (重慶市住房和城鄉建設委員會)	10 September 2024
Credit certificate of real estate intermediary service agency (房地產中介服務機構資信證書)	1	Chongqing Land Resources Housing Evaluation and Brokers Association (重慶市國土資源房屋評估和經紀協會)	31 May 2022[3]
Alteration of work hour permit (准予企業實行其他工作時間制度決定書)	1	Changning District Human Resources and Social Security Bureau (長寧區人力資源和社會保障局)	11 March 2023
Food business license (食品經營許可證)	2	Various local branches of Chongqing Municipal Market Supervision Administration (重慶市市場監督管理局)	23 February 2024 to 22 September 2026

Type of certificates/licences	Number of certificates/ licences	Issuing authority	Range of expiration date
High-altitude cleaning and suspension operation enterprise safety production certificate (高空清洗懸吊作業企業安全生產證書)	1	High-altitude Service Industry Branch of China Occupational Safety and Health Association* (中國職業安全健康協會高空服務業分會)	6 September 2023
Chongqing Security Engineering Qualification Certificate (Level 3)* (重慶市安防工程從業資質證書(叁級))	1	Chongqing public safety, technology and prevention association* (重慶市公共安全技術防範協會)	September 2022
Municipal domestic garbage operation sweeping, collection, transportation and disposal service license* (城市生活垃圾經營性清掃、收集、運輸、處置服務許可證)	1	Chongqing city administration* （重慶市城市管理局）	December 2022
Environmental sanitation business service license* (環境衛生經營服務許可證)	1	China Quality Certificate Supervision (中國質量認證監督管理中心)	13 May 2022[3]
Hospital cleaning and cleaning service business qualification* (醫院清洗保潔服務企業資質)	1	China Quality Certificate Supervision (中國質量認證監督管理中心) and China Enterprise Credit Evaluation Center (中國企業信用評估)	5 June 2023
China four pests removal service business qualification certificate* (中國除四害服務企業資質證書)	1	China Quality Certificate Supervision (中國質量認證監督管理中心) and China Enterprise Credit Evaluation Center (中國企業信用評估)	13 June 2022[3]
China septic tank cleaning service business qualification certificate* (中國化糞池清掏服務業務資質證書)	1	China Quality Certificate Supervision (中國質量認證監督管理中心) and China Enterprise Credit Evaluation Center (中國企業信用評估)	13 June 2022[3]

Notes:

1. According to "The Ministry of Housing and Urban-Rural Development's decision on the abolition of "Property Service Enterprise Qualification Management Measures" (住房城鄉建設部關於廢止<物業服務企資質管理辦法>的決定)" promulgated on 8 March 2018, property management enterprises can operate without holing a qualification certificate if its business scope includes "property management".

2. Annual renewal subject to annual inspection.

3. We were in the process of renewing such certificates/licences at the Latest Practicable Date.

PROPERTIES

As at the Latest Practicable Date, we owned one property in the PRC, which is a unit in a commercial building erected on a piece of land owned by a subsidiary of Dima, with an aggregate GFA of approximately 28.6 sq.m., which we held for self use as offices. We have obtained the building ownership certificate for such property we own.

As at Latest Practicable Date, we leased 53 properties in various locations with an aggregate GFA of approximately 9,071 sq.m. for the use as office, business operation and staff accommodation.

During the Track Record Period, the lessors of six of our leased properties, which are mainly used as office and staff accommodation with a total GFA of approximately 3,500 sq.m. had not obtained the relevant building ownership certificates. According to the Civil Code of the PRC, a building ownership certificate is the proof of property right of such real property, and the owner has the right to possess, use, benefit and dispose of such real property in accordance with the relevant PRC law. Since the lessors of the six leased properties had not obtained the relevant building ownership certificates, our PRC Legal Advisers are of the view that there are defects in the ownership of such leased properties. Therefore, our PRC Legal Advisers are of the view that (i) it is uncertain as to whether such lessors have the legal right or necessary authorisation to lease such properties; and (ii) we are unable to ascertain whether such properties are subject to mortgages or third-party rights, or whether such leases are subject to challenge by third parties. As at the Latest Practicable Date, four of such leases have been expired or terminated, and the remaining two of such leases, the lessors have obtained the relevant building ownership certificate.

Among such six leased properties, the lessor of one of them (with total GFA of such property amounting approximately 3,100 sq.m.) received a notice on 30 November 2020 from the relevant PRC authority requesting such lessor to undergo relevant procedure in relation to legal ownership of the said leased property. As advised by our PRC Legal Advisers, for the construction work carried out without the construction planning permit, the relevant competent authorities at or above the county level may order the cessation of construction. If the impact on the planning caused by such construction can be eliminated, the relevant competent authorities may order the construction entity to rectify such impact and impose an additional fine of not less than 5% but not more than 10% of the construction cost. If such impact cannot be eliminated, the relevant competent authorities may order the construction entity to demolish the buildings or structures, and confiscate the buildings or structures or any income illegally earned from such buildings or structures; and/or impose a fine of not more than 10% of the construction cost. In addition, in the event that there is a dispute between our Group and the said lessor, given the said lessor did not obtain any relevant construction permit or construct the said property in accordance with any construction permit obtained, the relevant lease agreement regarding such property should be declared by the PRC court as invalid. As at the Latest Practicable Date, such lessor has yet to obtain the relevant legal ownership of the said leased property. Such lease has been terminated as at the Latest Practicable Date. Therefore, as advised by our PRC Legal Advisers, the said leased property may be required to be demolished and/or such relevant lease agreement would be held by the PRC court as invalid. However, having considered that the said lessor undertakes to our Group that (i) the leasing out of the property without the relevant certificate and/or permit shall not affect our usage of it; (ii) we shall be indemnified of any loss or damages or extra expenses incurred by us as a result of (a) us not being able to lease such property within its lease term due to the lessor not obtaining the relevant certificate and/or permit for such property; or (b) the relevant authority(ies) imposing fine on us or any third-party claim; and (c) it would rectify such defect as soon as possible, our PRC Legal Advisers are of the view that such defect will not have a material adverse effect on our business.

According to the relevant provisions of the Fire Control Law of the PRC (《中華人民共和國消防法》), the public gathering place should pass the relevant fire safety inspections before being put into use. According to the relevant provisions of the Housing Construction and Municipal Infrastructure Project Completion Acceptance Record Management Measures (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》(住房城鄉建設部令第2號)), project completion acceptance records file by construction units should include fire safety inspection and acceptance documents. According to the relevant provisions of Some Opinions of the Ministry of Construction on Strengthening the Quality Management of Residential Projects (《建設部關於加強住宅工程質量管理的若干意見》(建質[2004]18號)), building ownership certificate of residential projects can only be processed after the filing of project completion acceptance records. As advised by our PRC Legal Advisers, building ownership certificates can only be obtained after completion of fire safety inspections. Since the lessors of all properties leased by our Group as at the Latest Practicable Date obtained the relevant building ownership certificates, fire safety certification is not required.

According to the relevant provisions of the Fire Control Law of the PRC, construction units shall apply to the Housing and Urban-rural Construction Department for fire safety inspections for constructions projects which were required by the State Council Housing and Urban-rural Construction Department to go through fire safety inspections. According to the relevant provisions of Fire Safety Management Regulations for Organisations, Groups, Enterprises and Institutions (《機關、團體、企業、事業單位消防安全管理規定》), owners of a property shall only lease out properties that meet the fire safety requirements, while the lessee shall perform fire safety duties within the scope of its use. As advised by our PRC Legal Advisers, construction units are responsible for the fire safety inspections and fire safety filings of a building and the lessee of a building shall assume the fire safety duties within the scope of use. During the lease term, our Group assumed its fire safety responsibilities and performed reasonable fire safety duties in accordance with the lease. Therefore, as advised by our PRC Legal Advisers, for the above-mentioned six leased properties, even though the lessors of which had not obtained the relevant building ownership certificate during the Track Record Period, there was no risk that our Group be administratively punished by the relevant fire safety authorities for using leased properties that did not have building ownership certificates.

The lessors of such six properties undertook to us that (i) he/she/it has the right to lease out the relevant property; (ii) the leasing out of the property without the building title certificate shall not affect the his/her/its right of leasing out the relevant property and our usage of such property; (iii) he/she/it shall indemnify (a) any loss or damages incurred by us in the event that we are no longer able to lease the relevant property as a result of the deficiency of such property having no building title certificate; or (b) extra costs incurred by us as a result of the deficiency of such property having no building title certificate, including but not limited to damages claimed by any third party, penalty imposed by the relevant governmental authority and/or relocation costs; and (iv) obtain the relevant building title certificate as soon as possible. Our Directors are of the view that, as (1) four of such six leases have been expired or terminated, and the remaining two of such leases, the lessors have obtained the relevant building ownership certificate; (2) the lessors of such properties have given us the abovementioned undertaking to indemnify us for any loss or damages incurred by us due to such defects; and (3) the leased properties without building title certificates are mainly for our offices and staff accommodation, and replacement premises are readily available in the market, such defects will not have a material adverse effect on our business or financial condition as a whole.

As at the Latest Practicable Date, we had not filed the lease agreements for any of our leased properties with the local housing administration authority as required under PRC law, primarily due to lack of cooperation from the landlord in providing title certificate and proof of ownership and registering the lease agreement, which were beyond our control. As advised by our PRC Legal Advisers, 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 of such non-filing. In the event that we are required to relocate from any of such leased properties, 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 operation. As at 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 agreements as described above. As at the Latest Practicable Date, we have urged the relevant landlords to cooperate with us in arranging filing of the relevant lease agreements. The relevant landlords and our Controlling Shareholders have given us undertakings that we shall be indemnified for any loss and/or damages incurred by us as a result of such non-filing. Our PRC Legal Advisers have also advised us that the failure to register the lease agreements 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 Listing. In order to prevent future occurrence of similar circumstances, we would ensure the landlord(s) obtain proof of ownership of the property(ies) prior entering into a lease agreement. In addition, we would also arrange filing of the lease agreement in a timely manner.

For the purpose of Chapter 5 of the Listing Rules, no single abovementioned leased property interest that formed part of our non-property activities had a carrying amount of 15% or more of our total assets, hence we are not required by Chapter 5 of the Listing Rules to value or include in the prospectus any valuation report of our leased property interests.

INTERNAL CONTROL AND RISK MANAGEMENT

We endeavour to uphold the integrity of our business by maintaining an internal control system in our organisational structure to allow for corporate compliance culture to be embedded into our day-to-day operations. Our internal control system and procedures are designed to meet our specific business needs and to minimise our risk exposure. For instance, our employees are required to attend staff trainings in relation to policy changes and other issues from time to time (details of which are set out in the paragraph headed "Recent changes in the regulatory environment of the PRC real estate market – Internal control measures for ongoing compliance" in this section).

Further, in preparation of Listing, we engaged an independent internal control consultant (the "**Internal Control Consultant**") to perform a review and updated review over selected areas of our internal control over financial reporting in September 2020 and September 2021, respectively (the "**Internal Control Review**"). The scope of the Internal Control Review performed by the Internal Control Consultant was agreed between us and the Internal Control Consultant. The selected areas of our internal controls over financial reporting that were reviewed by the Internal Control Consultant included our entity-level controls and business process level controls. At entity level, the Internal Control Consultant reviewed our control environment, risk assessment and management, control activities, information and communication, and monitoring. At business process level, the Internal Control Consultant reviewed the areas include sales, accounts receivable and collection, procurement, accounts payable and payment, human resources and payroll, property, plant and equipment, intangible asset management, cash and treasury management, financial reporting and disclosure controls, taxation, information technology overall controls and insurance management.

The most significant recommendations identified by the Internal Control Consultant include the need to: (i) set up a system to monitor and manage any overdue account receivables; (ii) revise our internal accounting policy with clear guideline in relation to the revenue recognition policy of our revenue derived from each of our property management services, community value-added services and value-added services to non-property owners in accordance with the relevant applicable accounting standards; (iii) standardise our third-party subcontractors selection and engagement process; (iv) establish a purchase order creation and approval mechanism; (v) standardise our accounts payable management process; (vi) comply with the relevant laws and regulations in relation to social insurance and housing provident fund contribution in the PRC; (vii) enhance the management of the safety of our database systems; and (viii) develop a standard procedure alternation process and system and formulate an official data recovery plan.

The Internal Control Consultant conducted follow-up reviews in December 2020, April 2021 and October 2021 to review the status of the management actions taken by our Group to address the significant recommendations of the Internal Control Review (the "**Follow-up Review**"). We have adopted and implemented the recommendations provided by the Internal Control Consultant prior to the Follow-up Review and therefore, the Internal Control Consultant did not have any further recommendation in the Follow-up Review.

The Internal Control Review and the Follow-up Review were conducted based on information provided by our Company and no assurance or opinion on internal controls was expressed by the Internal Control Consultant. Based on the result of the Follow-up Review, our Directors confirmed that we had adopted all of the internal measures and policies suggested by the Internal Control Consultant and did not have any significant deficiencies in our internal control system as at the Latest Practicable Date.

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Detailed risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For more details on the major risks identified by our management, please refer to the section headed "Risk Factors – Risks relating to our business and industry" in this prospectus.

We also intend to adopt or have adopted certain measures to prevent recurrence of the non-compliance incidents as mentioned in the paragraph headed "Legal proceedings and non-compliance – Non-compliance" in this section below. For details, please refer to the paragraph headed "Legal compliance and proceedings and non-compliance – Non-compliance" in the section below.

Our Directors are of the view, (i) the non-compliance incidents do not have any material impact on the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules and (ii) our Directors are willing and able to manage our Group's business in a law-abiding manner and that they are suitable to act as directors of a listed company based on the following:

(a) our Directors have no intention to breach laws and the incidents did not involve dishonesty or fraud on the part on our Directors or impugn their integrity or competence;

(b) our Directors are focused on the overall business planning and strategic development of our Group and had delegated the responsibility of the then daily operation of our Group to the senior management members. As such, our Directors had not been aware of the breaches at the material time. As soon as our Directors were made aware of the occurrence of the non-compliance incidents, during the preparation of Listing, they immediately proceeded to rectify the non-compliance incidents to the extent applicable and enhance the internal policies and procedures;

(c) our Directors have not obtained any personal benefit directly or indirectly from those non-compliance incidents;

(d) no fraudulent activities were involved in those non-compliance incidents;

(e) our Directors have engaged the Internal Control Consultant to recommend effective remedial measures and as a result of these measures which were initiated and implemented or to be implemented by our Directors, where the Internal Control Consultant has checked the remediation of the issues concerned and our Company has established sufficient internal control measures;

(f) with the occurrence of non-compliance incidents, our Directors attach great importance to compliance matters and are mindful and alert to any issues that might result in any non-compliance, and various measures have been implemented to prevent the recurrence of non-compliance as disclosed in the paragraph headed "Legal proceedings and non-compliance – Non-compliance" in this section below. The Follow-up Review did not identify any material internal control deficiencies;

(g) with the training sessions provided to our Directors, our Directors are fully aware of the requirements and obligations as directors of a listed issuer pursuant to the Listing Rules and have undertaken to observe and comply with all the relevant rules and regulations; and

(h) external professional advisers will be appointed to render professional advice to our Directors and assist our Directors in ensuring ongoing compliance with the statutory requirements and the Listing Rules as applicable to our Group from time to time.

Our management will continuously monitor and improve the procedures to ensure that the effective operation of our internal control measures is in line with the growth of our business and good corporate governance practice.

Based on the implementation of the enhanced internal policies and remedial actions, our Group's business nature and operation scale, our Directors are of the view that (i) our Group's internal control measures are adequate and effective to prevent the recurrence of the non-compliance incidents; (ii) our Group has adequate and effective internal control procedures in place; and (iii) the aforementioned non-compliance incidents do not affect the suitability of our Directors to act as directors of a listed issuer under Rules 3.08 and 3.09 of the Listing Rules or the suitability of our Company for Listing under Rule 8.04 of the Listing Rules. Taking into consideration of the above enhanced internal policies and remedial actions, when adopted effectively and implemented, the Sole Sponsor concurs with our Directors' view in such respect.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

Legal proceedings

From time to time, we may be involved in legal proceedings or disputes in our ordinary course of business, such as contract disputes with our customers and suppliers. As at the Latest Practicable Date, there was no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on the results of operation or financial condition of our Company.

Non-compliance

Non-compliance incident	Reason for non-compliance	Legal consequence and maximum penalty	Potential impact on our operations and financial condition	Preventive measures to be taken
We had not made full contributions for social insurance and housing provident fund for certain of our employees based on actual salaries of our employees as required under the Social Insurance Law and the relevant regulations in the PRC for the three years ended 31 December 2021. We estimate that the aggregated amounts of social insurance contributions that we underpaid for the three years ended 31 December 2021 were RMB7.1 million, RMB5.5 million and RMB12.5 million, respectively. We estimate that the aggregated amounts of housing provident fund that we underpaid for the three years ended 31 December 2021 were RMB2.7 million, RMB3.2 million and RMB2.4 million, respectively.	Such failures were caused by the following factors: (a) certain employees' unwillingness to participate in housing provident fund and social insurance scheme; and (b) our inadvertent omission to arrange payment for certain newly joined employees.	In respect of our failure to make full contribution to the social insurance, according to the relevant PRC laws and regulations, the relevant PRC authorities may (a) require us to make up for the previously underpaid social insurance contributions within a prescribed time; (b) impose a daily surcharge equivalent to 0.05% of the overdue payment from the date on which the payment is overdue; and (c) in the case of failure to make payment within the prescribed period, a penalty from one to three times of the amount of overdue payment shall be imposed on us. In respect of our failure to make full contribution to the housing provident fund, according to the relevant PRC laws and regulations, the relevant PRC authorities may order us to pay the outstanding balance within a prescribed time period. If we fail to do so within the time limit, it can apply to the court for enforcement.	• We have obtained written confirmations issued by (1) in respect of social insurance – (i) Human Resources and Social Security Bureau* (人力資源和社會保障局) at Chongqing Nan'an District, Wuhan Jiangxia District, Zhengzhou, Mianyang Youxian District and Fucheng District, Chongqing Rongchang District and Changshou District, Chengdu, Shanghai Changning District, Changsha, Xuyi, Taizhou Jiaojiang District, Suzhou Industrial Park, Shiyan, Hangzhou Binjiang District, Nanning and Cixi; (ii) Social Insurance Management Center* (社會保險事業管理中心) at Guilin, Nanchong Shunqing District, Fushun, Pu'an and Shanghai; (iii) Hongshan Social Insurance Management Office of Wuhan Human Resources and Social Security Bureau* (武漢市人社局洪山社會保險管理處); (iv) Medical Security Affairs Center* (醫療保障事務中心) and Social Insurance Network* (社會保險網) at Chongqing Nan'an District and Chongqing, respectively; (v) Social Insurance Bureau* (社會保險局), Employment Service Bureau* (勞動就業服務局) and Medical Security Affairs Center* (醫療保險中心) of Kunming Xishan District; (vi) Qingzehn Social Insurance Bureau* (清鎮市社會保險事業局); (vii) Hangzhou Xiaoshan District Social Insurance Management Service Center* (杭州市蕭山區社會保險管理服務中心); (viii) Social Insurance and Medical Security Center of Weinan High-technology Zone* (渭南高新區社會保險和醫療保障中心); (ix) Qinhuangdao Beidaihe New District Social Security Center* (秦皇島市北戴河新區社保中心); (x) Jingzhou Shanshi District Social Endowment Insurance Service Center* (荊州市沙市區社會養老保險服務中心); (xi) Pu'an Medical Security Bureau* (普安縣醫療保障中心); (xii) Nanjing Labour Security Supervision Brigade* (南京市勞動保障監察大隊); (xiii) Meishan Pengshan District Social Insurance Center* (眉山市彭山區社會保險中心); (xiv) Shanghai Public Credit Service Platform* (上海市公用信用服務平臺); (xv) Beijing Chaoyang Social Insurance Management Center* (北京市朝陽區社會保險基金管理中心); and (xvi) Heping branch office of Shenyang Social Insurance Service Center* (瀋陽市社會保險事業服務中心和平分中心); and (2) in respect of housing provident fund – (i) Housing Provident Fund Management Center* (住房公績金管理中心) at Chongqing Nan'an District, Wuchang branch Eastern Lake Management Department at Wuhan, Chengdu, Youxian Management Department at Mianyang District, High-technology Zone Department at Weinan, Chongqing Rongchang District, Shanghai, South City Management Department of Kunming Main City District, Changsha, Guiyang, Hangzhou, Xuyi, Taizhou and its Jiajiang branch office, Zhengzhou, Funding Management Department of Qinhuangdao, Fushun, Jingzhou, Qianxinan, Nanjing, Pengshan Management Department at Meishan, Beijing, Peace Management Department at Shenyang and Ningbo Cixi District; (ii) Provident Fund Management Center* (公績金管理中心) at Shanghai; (iii) Suzhou Industrial Park Human Resources and Social Security Bureau* (蘇州工業園區人力資源和社會保障局); and (iv) Municipal office of Shiyan Housing Provident Fund Center* (十堰住房公績金中心市直辦事處), all being the competent authorities according to our PRC Legal Advisers, confirming that: (1) in respect of social insurance, since we have participated in such scheme and up to the date of issuance of the relevant written confirmations (a) we have arranged full payment of social insurance on time in accordance with the relevant PRC laws and regulations; (b) there has not been any unpaid contributions; (c) our employees have not filed complaints or reports to the relevant government authorities; (2) in respect of housing provident fund, as at the date of the issuance of the relevant written confirmations, we were not subject to any investigation, penalty, rectification order or administrative penalty imposed by relevant government authorities as a result of non-compliant with the relevant PRC laws and regulations regarding housing provident fund. As advised by our PRC Legal Advisers, these written confirmations were issued by government authorities in charge of regulating the social insurance and housing provident funds in the relevant regions. Therefore, our PRC Legal Advisers are of the view that these government authorities are the competent authorities to issue such confirmations. In addition, our PRC Legal Advisers are of the view that the risk of such written confirmations issued by competent government authorities being challenged by higher authorities is remote, on the basis that (i) the competent government authorities which issued written confirmations are granted by higher level government authorities, being the authorities that regulate the payment by and provide guidance and confirmations to the enterprises under their management in respect of social insurance and housing provident funds in their respective regulatory regions; (ii) higher level government authorities generally will not intervene social insurance and housing provident fund managed by competent government authorities; and (iii) we have started arranging the payment of social insurance and housing provident funds contributions for all employees of our PRC subsidiaries and branch companies since March 2021 and have not received any penalty or investigation from the competent local government authorities or any higher level government authorities during the Track Record Period and up to the Latest Practicable Date as a result of the failure. As advised by our PRC Legal Advisers, the contribution rate of social insurance and housing provident funds can only be adjusted in around second quarter each year, our Group expects to pay social insurance and housing provident funds contribution for all employees in full by the end of July 2022 in the following schedule: (a) around 30-40% of all employees by the end of April 2022; and	To avoid future non-compliance incidents in this respect, our Group has adopted a set of policies and taken a number of rectification actions, including:– (1) Appointed Mr. Shi Mingyu, head of human resources and administrative department in the PRC to ensure that the correct basis is used to calculate the individual social insurance and housing provident fund for all staff. (2) Since March 2021, we have started arranging the payment of social insurance and housing provident funds contributions for all employees of our PRC subsidiaries and branch companies in full. 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. (3) We will continuously monitor any new laws or regulations being promulgated in relation to social insurance and housing provident fund to ensure that the social insurance and housing provident fund will be fully paid. We will also engage external legal advisers to advise us on matters relating to compliance with PRC laws and regulations as and when required.

Non-compliance incident	Reason for non-compliance	Legal consequence and maximum penalty	Potential impact on our operations and financial condition	Preventive measures to be taken
			(b) 100% of all employees by the end of July 2022. • Our PRC Legal Advisers conducted face-to-face interviews with and/or obtained written confirmations from the representatives of the competent government authorities, including (1) in respect of social insurance – (i) Human Resources and Social Security Bureau* (人力資源和社會保障局) at Chongqing, Chongqing Nan'an District, Wuhan Jiangxia District, Zhengzhou and Mianyang Youxian District; and (ii) Hongshan Social Insurance Management Office of Wuhan Human Resources and Social Security Bureau* (武漢市人社局洪山社會保險管理處); and (2) in respect of housing provident fund – Housing Provident Fund Management Center* (住房公積金管理中心) at Chongqing Nan'an District, Wuchang branch Eastern Lake Management Department at Wuhan, Chengdu, Youxian Management Department at Mianyang District, High-technology Zone Department at Weinan, Chongqing Rongchang District), being the competent authorities according to our PRC Legal Advisers, confirming that, as at the date of the relevant interviews being conducted, (a) there has neither been any disputes nor penalty imposed by the relevant competent authorities; (b) such competent authorities have neither received any complaints or reports nor commenced any investigations regarding our social insurance payments and housing provident contributions; (c) we would only be required to pay the outstanding amount of social insurance payments and housing provident fund contributions for our employees if our employees file complaints or reports to the relevant government authorities. Given (i) we did not receive any employees' complaints regarding such non-compliance during the Track Record Period; (ii) we were not and have not been under any investigations or subject to any penalties imposed by the relevant regulatory authorities; (iii) we have started arranging the payment of social insurance and housing provident funds contributions for all employees of our PRC subsidiaries and branch companies since March 2021; and (iv) almost half of our employees confirmed that (A) they have acknowledged the contribution rate of their respective social insurance and housing provident funds which is set in accordance with the relevant laws and regulations; (B) they have been aware of their rights as stipulated under the relevant laws and regulations regarding social insurance and housing provident funds; (C) they will not file any complaints or commence any legal proceedings against our Group in respect of social insurance and housing provident funds; and (D) they do not have any existing or potential disputes with our Group in respect of social insurance and housing provident funds, our Directors are of the view that the risk of our employees filing complaints or reports to the relevant government authorities is remote. As advised by our PRC Legal Advisers, the representatives that attended the interviews were officers in charge of the related issues at such competent government authorities. Therefore, our PRC Legal Advisers are of the view that the interviewees from the relevant competent government authorities have appropriate authority to represent their respective competent government authorities to attend such interviews and higher level government authorities will generally recognise the confirmations given by the interviewees from the relevant government authorities during the interviews. Thus, the risk of such confirmations given during the interviews being challenged by higher level authorities is remote.	(4) Our human resources department will (i) provide a monthly report to the Audit Committee regarding the status of social insurance and housing provident fund contributions; (ii) communicate with the relevant local human resources, social insurance and housing provident fund authorities on a regular basis to obtain the latest information on the laws and regulation related to social insurance scheme and housing provident fund contributions; and (iii) conduct legal compliance training for our employees to ensure that they are aware of the latest relevant social insurance and housing provident fund laws and regulations. We have also designated certain human resources personnel located at in different areas of our business operations to closely monitor the implementation of the abovementioned measures, in particular the status of the payment of social insurance and housing provident fund on a regular basis.

Non-compliance incident	Reason for non-compliance	Legal consequence and maximum penalty	Potential impact on our operations and financial condition	Preventive measures to be taken
			• On the basis mentioned above, our PRC Legal Advisers are of the opinion that the possibility that the relevant government authorities would demand the relevant subsidiaries of our Group in the PRC to make the past outstanding contributions to the social insurance and housing provident funds or pay the corresponding late payment fees or penalising the relevant subsidiaries for the non-compliance incidents in respect of social insurance and housing provident funds contributions in practice is remote. • Despite (i) we have obtained written or verbal confirmations from the relevant competent governmental authorities that we complied with the relevant laws and regulations in respect of social insurance payment and housing provident fund contributions and there was no administrative penalty records against us in respect of social insurance payment and housing provident fund contributions; (ii) to the best of our Directors' knowledge and belief, we have not been subject to any administrative penalty actions in respect of such non-compliance; (iii) we were not aware of any proceedings, claims, or disputes brought by our employees regarding social insurance payment and housing provident fund contributions against us; and (iv) these non-compliance incidents are covered by the indemnity given by our Controlling Shareholders under the Deed of Indemnity, considering the potential financial impact of these non-compliance incidents on our Group, provision for the underpaid social insurance and housing provident funds as at 31 December 2019, 2020 and 2021 in the amount of RMB1.1 million, RMB1.7 million and RMB1.1 million, respectively, have been made, our management has confirmed that they will ensure that prompt payment for under-contributions to the social insurance and housing provident fund within the prescribed time limit will be made if they are demanded to do so.	

Our Directors are of the view that the non-compliance incidents, individually and collectively, will not have any material adverse impact on our Group's business operations and financial position having considered that (i) the non-compliance have been properly rectified and/or reported to the competent government authorities; (ii) internal control measures have been put in place to prevent future occurrence; and (iii) the amount of possible fines/penalties to be imposed as a result of the non-compliance incidents are immaterial. Save as disclosed in the paragraph headed "Legal proceedings and non-compliance – Non-compliance" in this section above, 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. As advised by our PRC Legal Advisers, we had not been subject to any material fines or legal actions involving non-compliance with any PRC laws or regulations relating to our business during the Track Record Period and up to the Latest Practicable Date.

DIRECTORS

Our Board currently consists of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The table below sets out certain information in respect of the members of our Board:

Name	Age	Date of joining our Group	Date of appointment as Director	Position	Roles and responsibilities	Relationship with our other Directors, Supervisors and senior management
Ms. Yi Lin (易琳)	49	December 2020	December 2020	Chairman and non-executive Director	Overall business corporate strategic planning and development of our Group	Nil
Mr. Heng Qingda (衡清達)	47	June 2019	December 2020	Vice chairman, Co-chief Executive Officer and executive Director	Supervising the overall operation and management of our Group, and implementing operation plans	Nil
Mr. Fan Dong (范東)	52	August 2014	December 2020	Co-chief Executive Officer, executive Director and General Manager	Overseeing the daily operation of our Group	Nil
Mr. Chen Han (陳涵)	42	December 2020	December 2020	Non-executive Director	Provision of guidance for the development of our Group	Nil

Name	Age	Date of joining our Group	Date of appointment as Director	Position	Roles and responsibilities	Relationship with our other Directors, Supervisors and senior management
Ms. Cai Ying (蔡穎)	47	December 2020	December 2020	Independent non-executive Director	Participating in meetings of our Board to bring an independent judgment on issues which are material to our Group as and when required; taking the lead where potential conflicts of interest arise and serving on the Audit Committee, Remuneration Committee and the Nomination Committee (as the case may be)	Nil
Mr. Wang Susheng (王蘇生)	53	December 2020	December 2020	Independent non-executive Director		Nil
Mr. Song Deliang (宋德亮)	49	December 2020	December 2020	Independent non-executive Director		Nil

Chairman and non-executive Director

Ms. Yi Lin (易琳), aged 49, is our chairman and a non-executive Director. She is primarily responsible for the overall business corporate strategic planning and development of our Group. Ms. Yi joined our Company in December 2020 and served as the chairman of our Board and a non-executive Director since December 2020. She is also the chairlady of our Nomination Committee and a member of our Audit Committee. She obtained a bachelor's degree in accounting from Chongqing University (重慶大學) in the PRC in June 1995. She further obtained a master's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in September 2002.

Ms. Yi has over 15 years of experience financial management and accounting. From August 2006 to December 2007, Ms. Yi served as the general manager of the finance department of Chongqing Doyen Holdings Group Co., Ltd.* (重慶東銀控股集團有限公司) and was responsible for coordinating the daily operation of the finance department. Since January 2008, Ms. Yi has served as the chief finance officer of Dongyuan Real Estate. From April 2010 to March 2012, Ms. Yi served as the chief finance officer of Dima. From March 2012 to April 2013, Ms. Yi served as a vice general manager and the secretary of the board of directors of Dima. From April 2013 to May 2014, Ms. Yi served as the general manager of Dima. Since April 2013, Ms. Yi has been a director of Dima. Since May 2014, Ms. Yi has also served as the vice chief executive officer and the head of finance department of Dima.

Vice chairman, Co-chief Executive Officer and executive Director

Mr. Heng Qingda (衡清達), aged 47, is our vice chairman, Co-chief Executive Officer and an executive Director. He is primarily responsible for supervising the overall operation and management and implementing operation plans of our Group. He first joined our Group in June 2019 as the general manager of our Company and was responsible for its daily management. He was appointed as our vice chairman, Co-chief Executive Officer and executive Director in December 2020. He obtained a bachelor's degree in management engineering from Hohai University (河海大學) in the PRC in July 1996. He further completed the Executive MBA Programme and obtained a master's degree in business administration from China Europe International Business School in the PRC in August 2017. He is currently a director of GSN Shanghai.

Mr. Heng has over 17 years of management experience. Prior to joining our Group, he was employed by BAX Logistics (Shanghai) Co. Ltd.* (伯靈頓物流(上海)有限公司), a company principally engaged in the provision of logistics services, from December 2003 to April 2005. He was employed by BAX (China) Logistics Co. Ltd.* (伯靈頓(中國)貨運有限公司), a company principally engaged in the provision of logistics services, from May 2005 to September 2005. From November 2005 to June 2009, he worked for Integrated Shun Hing Logistics (Shanghai) Ltd. (綜合信興倉運(上海)有限公司), a company principally engaged in the provision of logistics services. He was then employed by the Shanghai branch of Beijing Kang Jie Kong International Cargo Agent Co., Ltd. (北京康捷空國際貨運代理有限公司), a company principally engaged in the provision of logistics services, from May 2010 to May 2011. From December 2012 to October 2017, he was employed by Dussmann Property Management (Shanghai) Co., Ltd.* (杜斯曼樓宇服務(上海)有限公司), a company principally engaged in provision of property management services as a general manager and legal representative. From August 2018 to June 2019, Mr. Heng was a consultant of Jiangsu Wuzhong Hi-Tech VC Co. Ltd.* (江蘇吳中高科創業投資有限公司), a company principally engaged in the provision of development and operation services of industrial parks.

Co-chief Executive Officer, executive Director and General Manager

Mr. Fan Dong (范東), aged 52, is our Co-chief Executive Officer, executive Director and the general manager of our Group. He is primarily responsible for overseeing the daily operation of our Group. He first joined our Group in August 2014 as the general manager of Chongqing Dongyuan and was responsible for overseeing its daily operation. He has been appointed as a Director and the general manager of our Company since May 2018. He is currently a director of Chongqing Dongyuan, Chongqing Chengfang, Chongqing Xuyuan, Chongqing Qicheng, Chongqing Dongguihe, Chongqing Haoge, Luzhou Kuayue, Yuanji Culture and Pingxiang Dongyuan. He obtained a bachelor's degree in law from Southwest University of Political Science and Law (西南政法大學) in the PRC in December 1997.

Mr. Fan has over 22 years of experience in property management industry. Prior to joining of our Group, he served at Chongqing Xinlonghu Property Management Co. Ltd.* (重慶新龍湖物業服務有限公司, currently known as 龍湖物業服務集團有限公司), a company principally engaged in the provision of property management services, from April 1999 to August 2014.

Immediately following completion of the Global Offering (without taking into account H Shares to be issued pursuant to the exercise of the Over-allotment Option), Mr. Fan will be interested in 4,990,000 Domestic Shares, representing 7.48% of the total issued share capital of our Company within the meaning of Part XV of the SFO, all of which will be held by Tianjin Partnership, which was owned as to approximately 52.74% by Mr. Fan as at the Latest Practicable Date. For details, please refer to the paragraph headed "Further information about Directors, Supervisors and Shareholders – 10. Directors and Supervisors – (c) Interests and short positions of our Directors and Supervisors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the Global Offering" in Appendix VI to this prospectus.

Non-executive Director

Mr. Chen Han (陳涵), aged 42, is our non-executive Director. He is primarily responsible for providing guidance for the development of our Group. Mr. Chen has joined our Company as a non-executive Director since December 2020. He obtained a bachelor's degree in economics with a major in human resources management from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 2001. He is a member of the Remuneration Committee.

Mr. Chen has over 20 years of experience in human resources management. Prior to joining our Group, he served at GE Lighting Co. Ltd., a company principally engaged in the manufacturing of lighting and construction materials, from July 2001 to July 2008. From July 2008 to May 2010, he served at Shanghai Vanke Property Co. Ltd.* (上海萬科房地產有限公司, currently known as 上海萬科長寧置業有限公司), a company principally engaged in property development. From August 2015 to December 2015, he served at Shanghai Baolong Industry Development Co., Ltd.* (上海寶龍實業發展有限公司, currently known as 上海寶龍實業發展(集團)有限公司), a subsidiary of Powerlong Real Estate Holdings Limited (stock code: 1238), the shares of which are listed on the Main Board of the Stock Exchange and is principally engaged in property development. Since December 2015, Mr. Chen has served as the general manager of the human resources division of Dongyuan Real Estate and was responsible for coordinating human resources related matters. Since March 2021, Mr. Chen has served as the vice chief executive officer of Dima.

Independent non-executive Directors

Ms. Cai Ying (蔡穎), aged 47, was appointed as our independent non-executive Director in December 2020. She is a member of each of the Remuneration Committee and Nomination Committee. She obtained a bachelor's degree in electrical technology from Guangdong University of Technology* (廣東工業大學) in the PRC in July 1997. She further obtained a master's degree in finance from Jinan University* (暨南大學) in the PRC in January 2002 and a master's degree in business administration from China Europe International Business School in the PRC in August 2016.

Ms. Cai has over 24 years of finance management and investment related experience. Ms. Cai previously worked in the agent service department, e-commerce department and the computer division of the Guangzhou branch of China Southern Securities Co., Ltd.* (南方證券有限公司), a company principally engaged in provision of financial services from July 1997 to May 2004. From May 2004 to July 2008, Ms. Cai served as a senior manager of the channel service department of China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司), a company principally engaged in fund management and provision of financial services. From August 2008 to July 2013, she served as the general manager and vice general manager of the Guangzhou branch of Penghua Fund Management Co. Ltd.* (鵬華基金管理有限公司), a company principally engaged in fund management and provision of financial services. Ms. Cai was responsible for the sales and marketing of fund products in southern part of the PRC. From August 2013 to September 2020, Ms. Cai served as a director and general manager of First Seafront Fund Management Co. Ltd.* (前海開源基金管理有限公司). From September 2013 to July 2014 and from July 2014 to September 2020, Ms. Cai served as an executive director and the chairman of the board and legal representative of First Seafront Asset Management Co. Ltd.* (前海開源資產管理有限公司) respectively. Since September 2020, Ms. Cai has served as the vice chairman of First Seafront Fund Management Co. Ltd.* (前海開源基金管理有限公司). Each of First Seafront Fund Management Co. Ltd.* (前海開源基金管理有限公司) and First Seafront Asset Management Co. Ltd.* (前海開源資產管理有限公司) is a company principally engaged in asset management and provision of financial services, the investment portfolios of which consisted of shares of certain property management companies listed on the Main Board.

Mr. Wang Susheng (王蘇生), aged 53, was appointed as our independent non-executive Director in December 2020. He is the chairman of the Remuneration Committee and a member of the Audit Committee. He obtained a bachelor's degree in geography from Changsha Water Conservancy and Electric Power Pedagogical University* (長沙水利電力師範大學, currently known as 長沙理工大學) in the PRC in July 1991. He further obtained a master's degree in economics from Renmin University of China (中國人民大學) in the PRC in July 1994. In July 2000, he obtained a doctor's degree in international law from Peking University (北京大學) in the PRC. He further obtained a post-doctoral degree in management science from Tsinghua University (清華大學) in the PRC in September 2002 and master's degree in business administration from the University of Chicago in the United States of America in March 2004. Mr. Wang was qualified as a non-practising registered accountant in the PRC in May 1997, a lawyer by the Ministry of Justice of the PRC in June 1997 and a chartered financial analyst by the CFA Institute in the U.S. in April 2005.

He was a professor in finance of Harbin Institute of Technology (Shenzhen) between July 2003 and April 2017. Since April 2017, he has been a professor in finance of Southern University of Science and Technology.

Since January 2016, Mr. Wang has been serving as an independent director of Wedge Industrial Co. Ltd.* (萬澤實業股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000534.SZ). Since December 2016, Mr. Wang has been serving as an independent director of Tianma Microelectronics Co. Ltd.* (天馬微電子股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000050.SZ). Since April 2017, Mr. Wang has been serving as an independent director of Shahe Industry Co., Ltd.* (沙河實業股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000014.SZ). Since October 2018, Mr. Wang has been serving as an independent director of Shenzhen Prolto Supply Chain Management Co. Ltd.* (深圳市普路通供應鏈管理股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002769.SZ).

Mr. Wang was a director of the following company prior to its dissolution:

Name of company	Place of establishment	Principal business prior to cessation of business	Date of dissolution	Means of dissolution	Reasons for dissolution
Shenzhen City Jingshi Yongdao Investment Co., Ltd.* (深圳市經世永道投資有限公司)	The PRC	business investment, investment consulting	4 November 1998	Struck off	Failure to submit annual report within the specified time

Mr. Wang confirmed that the aforementioned company was solvent at the time of dissolution and that there was no misconduct or misfeasance on his part as a director of the company that had led to its dissolution, nor is he aware of any actual or potential claim that has been or will be made against him as a result of the dissolution.

Mr. Song Deliang (宋德亮) (formerly known as 宋開波), aged 49, was appointed as our independent non-executive Director in December 2020. He is the chairman of the Audit Committee and a member of the Nomination Committee. He obtained a doctor's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in January 2003.

He joined Shanghai National Accounting Institute as a lecturer in August 2003 and was later promoted to vice professor in June 2012. In July 2018 and March 2019, Mr. Song offered training to the management staff of (i) a PRC company principally engaged in the provision of property management services for commercial properties, hotels and industrial parks in the PRC and is a subsidiary of a state-owned enterprise, the shares of which are listed on the Stock Exchange and Shanghai Stock Exchange; and (ii) a PRC company principally engaged in the provision of property management services in Southern China, Eastern China, Northern China, Western China, Hong Kong and Macau, the shares of which are listed on the Stock Exchange.

From April 2010 to July 2016, Mr. Song served as an independent director, a member of each of the nomination and audit committee of the board of directors of Anhui Hengyuan Coal Industry and Electricity Power Co., Ltd.* (安徽恒源煤電股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600971.SH). From August 2010 to April 2016, Mr. Song served as an independent director of State Grid Uingda Co., Ltd.* (國網英大股份有限公司, formerly known as 上海置信電氣股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600517.SH). Mr. Song also served as the chairman of the audit committee of such company between October 2010 and April 2016. From July 2015 to May 2019, Mr. Song served as an independent director, the chairman of each of the audit and remuneration committee of the board of directors of Dima. Since January 2017, Mr. Song has served as an independent director of Shanghai Tianchen Co., Ltd.* (上海天宸股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600620.SH). Since March 2017, Mr. Song also served as the chairman of the audit committee of Shanghai Tianchen Co., Ltd.*. Since September 2018, Mr. Song has served as an independent director and a member of the audit committee of the board of directors of Sunsea AIoT Technology Co., Ltd.* (日海智能科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002313.SZ).

Save as disclosed above and in the section headed "Substantial Shareholders" in this prospectus, each of our Directors confirms with respect to himself/herself that (i) he/she did not hold any directorships in the last three years in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not have any relationship with any other Directors, Supervisors, senior management or substantial or controlling Shareholders of our Company; (iii) he/she does not hold any positions in our Company or other members of our Group; (iv) he/she does not have any interests in our Shares within the meaning of Part XV of the SFO; (v) there is no other information that should be disclosed for him/her pursuant to the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules; and (vi) there are no other matters that need to be brought to the attention of the holders of the securities of our Company.

SUPERVISORS

The following table summaries the details of our Supervisors:

Name	Age	Date of joining our Group	Date of appointment as Supervisor	Position	Roles and responsibilities	Relationship with our other Directors, Supervisors and senior management
Mr. Wang Jun (王駿)	35	December 2020	December 2020	Chairman of the board of Supervisors	Presiding the work of the Supervisory Committee, responsible for supervising our Board and the senior management of our Company	Nil
Mr. Mao Dun (毛盾)	43	December 2020	December 2020	Supervisor	Responsible for supervising our Board and the senior management of our Company	Nil
Ms. Tan Liang (譚亮)	25	July 2016	December 2020	Employee representative Supervisor	Responsible for supervising our Board and the senior management of our Company	Nil

Mr. Wang Jun (王駿), aged 35, first joined our Group as the chairman of the Supervisory Committee in December 2020. He obtained a bachelor's degree in mechanical engineering and automation from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 2008. He further obtained a master's degree in business administration from Shanghai Jiao Tong University (上海交通大學) in the PRC in March 2015. Mr. Wang is a certified public accountant in the PRC.

Mr. Wang has over nine years of experience in financial management related fields. From September 2008 to August 2011, Mr. Wang served as a senior auditor at PricewaterhouseCoopers Zhongtian CPAs Limited Company. From August 2011 to August 2012, Mr. Wang served at China Industrial Securities Co., Ltd. (興業證券股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 601377.SH) and is principally engaged in the provision of financial services. From June 2013 to July 2014, Mr. Wang worked at Hwabao Trust Co., Ltd. (華寶信託有限責任公司), a company principally engaged in trust management. From August 2014 to August 2017, Mr. Wang served as a deputy managing director of the investment banking division at Shenyin and Wanguo Innovation Asset Management Co., Ltd.* (申銀萬國創新證券投資有限公司), a company principally engaged in the provision of financial and investment services. From September 2017 to February 2018, Mr. Wang served as a fund director of the treasury division of Dongyuan Real Estate. From February 2018 to May 2019, Mr. Wang was transferred to the secretary of the board of directors office of Dima and served as a director of securities. Since May 2019, Mr. Wang has served as the secretary of the board of directors of Dima.

Mr. Mao Dun (毛盾), aged 43, first joined our Group as a Supervisor in December 2020. He obtained a bachelor's degree in taxation from Chongqing Business College (重慶商學院, currently known as 重慶工商大學) in the PRC in July 2001.

Since May 2014, Mr. Mao has served as the assistant audit general manager of Dongyuan Real Estate and has been responsible for coordinating audit related matters.

Ms. Tan Liang (譚亮), aged 25, was elected as a Supervisor in December 2020. Ms. Tan has over four years of experience in accounting field. Ms. Tan joined our Company in July 2016 as a fund settlement specialist and was responsible for fund settlement of our Group. She was later promoted to be a fund settlement supervisor in July 2019. She served as the assistant manager in fund settlement of our Group since July 2020. She completed a curriculum of accounting from Chongqing Technology and Business University (重慶工商大學) in the PRC in June 2017 by self-learning. Ms. Tan is a certified public accountant in the PRC.

SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Position	Roles and responsibilities	Relationship with our other Directors and Supervisors
Mr. Liu Xing (劉興)	45	August 2014	Chief financial officer	Overseeing the finance and accounting matters of our Group	Nil

Mr. Liu Xing (劉興), aged 45, is the chief financial officer of our Group. He is primarily responsible for overseeing the finance and accounting matters of our Group. He first joined our Group in August 2014 as the chief financial officer of Chongqing Dongyuan and was responsible for overseeing its finance matters and daily management of finance department. He has served as the chief financial officer of our Company since January 2015 and has been responsible for managing district finance matters. He was appointed as the chief financial officer of our Group since December 2020. He is currently a director of Yuanji Culture, Chongqing Dongguihe, Mianyang Ruisheng, Chongqing Xuyuan, Guangxi Shengkang and Zhejiang Dongzhen. He is currently a supervisor of Chongqing Zhonghang Shijia, Chongqing Qicheng and Pingxiang Dongyuan. He obtained a bachelor's degree in accounting from Southwest Agricultural University (西南農業大學, currently known as 西南大學) in the PRC in July 1999 and a master's degree in accounting from Chongqing University (重慶大學) in December 2017. Mr. Liu is qualified as a senior accountant, and such qualification was accredited by the People's Government of Chongqing City of the PRC in December 2013.

Mr. Liu has over 21 years of experience in finance management. Prior to joining of our Group, between November 1999 and August 2014, he joined Chongqing Firm New Century Department Store Chain Operation Co., Ltd.* (重慶商社新世紀百貨連鎖經營有限公司), a company principally engaged in retail of groceries and consumer goods as a finance officer.

Immediately following completion of the Global Offering (without taking into account H Shares to be issued pursuant to the exercise of the Over-allotment Option), Mr. Liu will be interested in 4,990,000 Domestic Shares, representing 7.48% of the total issued share capital of our Company within the meaning of Part XV of the SFO, all of which will be held by Tianjin Partnership, which was owned as to approximately 37.18% by Mr. Liu as at the Latest Practicable Date. For details, please refer to the section headed "Substantial Shareholders" in this prospectus.

To best of the knowledge, information and belief of our Directors having made all reasonable enquiries, our senior management has not been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding to the date of this prospectus.

JOINT COMPANY SECRETARY

Mr. Liu Xing serves as the secretary to our Board and one of our joint company secretaries. See his biography under the paragraph headed "Senior management" above.

Mr. Wong Wai Chiu (黃偉超) was appointed as our joint company secretary in February 2021. Mr. Wong is currently the associate director of SWCS Corporate Services Group (Hong Kong) Limited. He has years of professional services and senior management experience in Hong Kong. Between July 1997 and September 1997, Mr. Wong joined the Stock Exchange as the senior manager in information technology. Between September 1997 and December 2012, Mr. Wong joined the Independent Commission Against Corruption as a commission against corruption officer (upper). He later joined Chubb Life Insurance Company Ltd. as a temporary associate director in the distribution quality assurance of legal & compliance department from January 2015 to January 2017. He has joined SWCS Corporate Services Group (Hong Kong) since January 2017. He is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, a member of Certified Public Accountant (CPA) Australia, a member of the Hong Kong Trustee Association and a Certified Trust Practitioner in Hong Kong.

Mr. Wong holds a bachelor's (Hon.) degree of social science from the University of Hong Kong, a postgraduate diploma in English and Hong Kong law (common professional examination) from The Manchester Metropolitan University in the United Kingdom by distance learning, a master's degree in corporate governance from The Hong Kong Polytechnic University, a master's degree in arbitration and dispute resolution from City University of Hong Kong and a master's degree in applied science from the University of Technology in Sydney, Australia.

BOARD COMMITTEES

We have established the following three committees: the Audit Committee, a Remuneration Committee and the Nomination Committee. The committees operate in accordance with their terms of reference established by our Board.

Audit Committee

We have established the Audit Committee on 20 February 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules.

Our Audit Committee has three members, namely Ms. Yi Lin, Mr. Wang Susheng and Mr. Song Deliang. Ms. Yi Lin is our non-executive Director, while each of Mr. Wang Susheng and Mr. Song Deliang is our independent non-executive Directors. The chairman of our Audit Committee is Mr. Song Deliang.

The primary responsibilities of our Audit Committee include, among others, (i) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of our Group; (ii) overseeing the audit process and performing other duties and responsibilities as assigned by our Board; (iii) developing and reviewing our policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; and (iv) developing, reviewing and monitoring the code of conduct applicable to our employees and Directors.

Remuneration Committee

We have established the Remuneration Committee on 20 February 2021 with written terms of reference in compliance with Rule 3.25 of the Listing Rules.

Our Remuneration Committee has three members, namely Mr. Chen Han, Ms. Cai Ying and Mr. Wang Susheng. Mr. Chen Han is our non-executive Director, while each of Ms. Cai Ying and Mr. Wang Susheng is our independent non-executive Directors. The chairman of our Remuneration Committee is Mr. Wang Susheng.

The primary responsibilities of our Remuneration Committee include, among others, (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to our Board's corporate goals and objectives; and (iii) making recommendations to our Board on the remuneration packages of Directors and senior management.

Nomination Committee

We have established the Nomination Committee on 20 February 2021 with written terms of reference in compliance with the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules.

Our Nomination Committee has three members, namely Ms. Yi Lin, Ms. Cai Ying and Mr. Song Deliang. Ms. Yi Lin is our non-executive Director and chairman, while each of Ms. Cai Ying and Mr. Song Deliang is our independent non-executive Directors. The chairman of our Nomination Committee is Ms. Yi Lin.

The primary responsibility of our Nomination Committee is to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

Corporate governance functions

The terms of reference of our Board include, among others, (i) developing and reviewing our Company's policies and practices on corporate governance and making recommendations to our Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring our Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) reviewing our Company's compliance with the code and disclosure in the corporate governance report.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into account our board diversity policy and other factors. Our Company will also take into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board comprises seven members, including two female Directors. Our Directors also have a balanced mix of knowledge, skills and experience, including property management, accounting, finance and investment. They obtained degrees in various majors including but without limitation to accounting, finance, business administration and law. We have three independent non-executive Directors who have different industry backgrounds, including economics, accounting and financial management. We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Taking into account our business model and specific needs as well as the presence of two female Directors out of a total of seven Board members, we consider that the composition of our Board satisfies our board diversity policy.

With regards to gender diversity on the Board, our board diversity policy further provides that our Board shall take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices.

The Nomination Committee is responsible for the implementation of the board diversity policy and compliance with relevant codes governing board diversity under the Corporate Governance Code as set forth in Appendix 14 of the Listing Rules. The Nomination Committee will review the board diversity policy and our diversity profile (including gender balance) annually to ensure its continued effectiveness. We will also disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

Our Company has appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. According to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in the following circumstances:

(i) with respect to publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry regarding unusual movements in the price or trading volume of our H Shares.

The term of the appointment shall commence on the Listing Date and end on the date when our Company distributes its annual report in relation to its financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration paid by us to our Directors and Supervisors, including salaries, allowances and contributions to retirement benefit scheme was approximately RMB18.2 million, RMB7.8 million and RMB9.4 million for the three years ended 31 December 2021, respectively. Details of the arrangement for remuneration are set out in Note 37 to the Accountant's Report in Appendix I to this prospectus.

During the Track Record Period, the five individuals whose emoluments were the highest in our Group included two Directors. The aggregate amount of emoluments payable to the five highest paid individuals (excluding the two Directors), including salaries, allowances and contributions to retirement benefit scheme, during the Track Record Period was approximately RMB12.1 million, RMB3.6 million and RMB3.9 million, respectively.

Our Directors, Supervisors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. We regularly review and determine the remuneration and compensation packages of our Directors, Supervisors and senior management.

We have not paid any remuneration to our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office during the Track Record Period. None of our Directors, Supervisors has waived any remuneration during the same period.

Save as disclosed in the paragraph headed "Compensation of Directors, Supervisors and senior management" in this section above, no other payments have been made or are payable by us or any of our subsidiaries to our Directors or Supervisors during the Track Record Period. We estimate that we will pay an aggregate amount of approximately RMB10.8 million to our Directors and Supervisors as remuneration for the year ending 31 December 2022, respectively, excluding any discretionary bonuses which may be paid to our Directors.

STAFF

In the PRC, in accordance with relevant national and local labour and social welfare laws and regulations, we are required to pay in respect of our employees in the PRC various social insurance including basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance, and insurance for maternity leave.

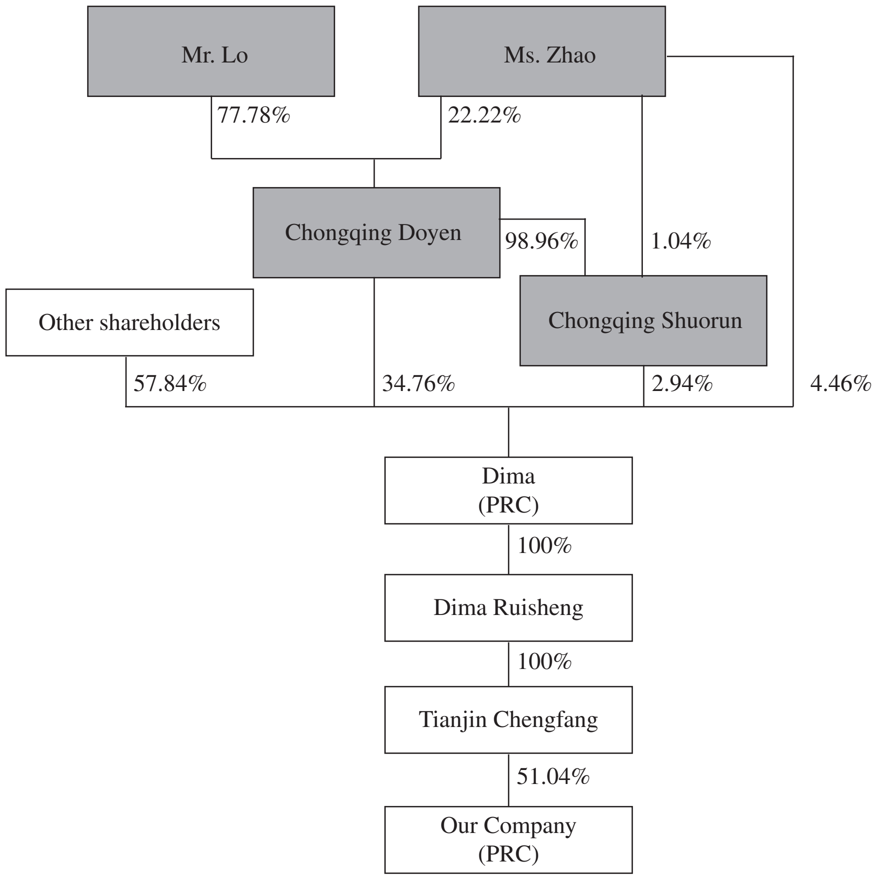
OVERVIEW

Immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised), Tianjin Chengfang will directly own approximately 38.28% of the total issued share capital of our Company. Tianjin Chengfang is wholly owned by Dima Ruisheng, which is in turn wholly owned by Dima. Dima is a joint stock company established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600565.SH).

Dima was owned by Mr. Lo and Ms. Zhao, including their indirect shareholdings through Chongqing Shuorun and Chongqing Doyen, as to approximately 42.16% as at the Latest Practicable Date. As at the Latest Practicable Date, Dima, indirectly through Dima Ruisheng and Tianjin Chengfang, held approximately 51.04% of our total issued share capital. Although Mr. Lo And His Associates held 42.16% shareholdings in Dima as at the Latest Practicable Date, they are not regarded as a group of Controlling Shareholders because, among others: (i) the shares of Dima are listed on the Shanghai Stock Exchange and freely tradable and Dima is managed by its board of directors; (ii) Mr. Lo And His Associates alone cannot pass any ordinary or special resolution at the general meeting of Dima which requires a simple majority or not less than two-third of the votes casted by the shareholders attending the general meeting; and (iii) they cannot control the board of directors of Dima. Accordingly, Dima, Dima Ruisheng and Tianjin Chengfang are considered to be a group of Controlling Shareholders. Each of Tianjin Chengfang and Dima Ruisheng is an investment holding company. Following completion of the Global Offering, we will operate independently from our Controlling Shareholders and their close associates.

Since the fourth quarter of 2017, Chongqing Doyen and certain of its subsidiaries experienced financial difficulties and defaulted certain of their loans, and part of the securities for the relevant loans are the shareholdings in Dima held by Mr. Lo And His Associates. The Creditors commenced legal proceedings against the Doyen Group (as defined below), Mr. Lo And His Associates for the enforcement of their rights under the relevant loan agreements and, among others, applications were made to courts in the PRC for Judicial Preservation (as defined below) of the shareholdings in Dima held by Mr. Lo And His Associates, representing approximately 42.16% of the shareholdings of Dima as at the Latest Practicable Date. In November 2017, the Creditors formed a Creditors Committee and commenced the formation of a debt restructuring plan for the Doyen Group. As at the Latest Practicable Date, and so far as our Company is aware of, the Doyen Debt Restructuring is still ongoing and none of the Creditors has enforced their rights on the shareholdings held by Mr. Lo And His Associates. For details of the debt restructuring of Doyen Group, please refer to the paragraph headed " Doyen Debt Restructuring" below.

As at the Latest Practicable Date, the corporate structure regarding the relationship between our Company, Dima, Dima Ruisheng and Tianjin Chengfang is set out below:



Notes:

1. Certain figures in this chart are approximate figures.

2. The shaded parts refer to Mr. Lo And His Associates.

Listing constitutes a spin-off from Dima. Pursuant to the Spin-off Circular, offshore listing of the subsidiaries controlled by domestic listed companies are required to comply with the conditions set out in the Spin-off Circular. As at the Latest Practicable Date, all of the above conditions had been satisfied. The CSRC has given us its approval for listing of our H Shares on the Stock Exchange and the Global Offering on 11 October 2021. As advised by our PRC Legal Advisers, our Company has obtained all necessary approvals and authorisations in relation the Global Offering and Listing. The shareholders' approval of Dima Group for the Spin-off has been obtained on 24 December 2020. Immediately after completion of the Global Offering, we will remain as a subsidiary of Dima.

DELINEATION OF BUSINESS

Dima Group is primarily engaged in (i) property development; (ii) manufacturing of vehicles with various types of use; and (iii) property management and its related services in the PRC. Among such businesses, Dima Group is engaged in property management and its related services through our Group.

Upon completion of the Spin-off, it is expected that the business focus of each of our Group and Dima Group will be as follows:

	Principal property management business	Principal non-property management business
Our Group	(i) Provision of property management services (ii) Provision of value-added services for non-property owners (iii) Provision of community value-added services	Nil
Dima Group (excluding our Group)	Nil	(i) Property development and investments (ii) manufacturing of vehicles with various types of use

Given the clear business delineation between the principal business operations of our Group and those of Dima Group (excluding the property management services provided by our Group), our Directors are of the view that there is no business competition between our Group and Dima Group.

To avoid any possible future competition between our Group and Dima Group, each of our Controlling Shareholders has executed the Non-competition Undertaking in favour of our Company to the effect that each of them will not, and will procure each of their respective subsidiaries not to, except through us, carry on, engage in or make investment in our principal business, subject to certain exceptions. For further details of the Non-competition Undertaking, please refer to the paragraph headed "Non-competition – Non-competition Undertaking" below.

As at the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Group's business.

OUR BUSINESS RELATIONSHIP WITH DIMA GROUP

Our Group has a well-established and ongoing business relationship with Dima Group since 2004 when we started providing property management services for residential property projects of Dima Group in Chongqing.

Dima Group is a property developer in the PRC, focusing on property development. According to CIA, Dongyuan Real Estate, a subsidiary of Dima Group, which was ranked 44th among the "2021 Top 100 Real Estate Companies in China (2021中國房地產百強企業)". According to the quarter report of Dima Group for the nine months ended 30 September 2020 and 2021, Dima Group recorded (i) total revenue of approximately RMB6.4 billion and RMB11.2 billion, respectively; and (ii) net profit attributable to owners of the company of approximately RMB328.2 million and RMB193.6 million, respectively. According to the annual report of Dima Group for the year ended 31 December 2020 and interim report of Dima Group for the six months ended 30 June 2021, Dima Group recorded a total contracted sales (within the scope of the consolidated statement of income) of approximately RMB22,721.1 million and RMB12,150.6 million, respectively. Dima Group had (i) land bank of approximately 4.4 million sq.m. and 3.2 million sq.m.; and (ii) total planned construction area of approximately 17.9 million sq.m. and 20.9 million sq.m. as at 31 March 2021 and 30 September 2021, respectively. Although Dima Group has been actively expanding its business, its business performance would also be affected by the external market environment. Pursuant to the profit warning announcement of Dima Group dated 28 January 2022, based on the preliminary assessment by the board of Dima Group with reference to the unaudited consolidated management accounts of Dima Group for the year ended 31 December 2021, net profit attributable to owners of Dima Group for the year ended 31 December 2021 is expected to be approximately RMB90.2 million, representing a decrease of approximately 95% compared to the same period last year due to Dima Group's year-on-year decrease in its newly delivered property projects. Apart from net profit attributable to owners of the company, no other financial information of Dima, including those related to "three red-lines policy", were available on such announcement. As at the Latest Practicable Date, Dima Group was still in the process of finalising its final results for the year ended 31 December 2021. Dima's final results are subject to review by its board of directors and auditor. Therefore, Dima's actual financial results for the year ended 31 December 2021 may be different from what was disclosed in its profit warning announcement.

During the Track Record Period, our Group was engaged by Dima Group and Affiliated Companies to provide property management services for residential and non-residential property projects developed by them. While a significant portion of property projects that we managed during the Track Record Period was related to the management of property projects sourced from Dima Group and Affiliated Companies, our reliance on Dima Group has been decreasing. During the Track Record Period, approximately 76.7%, 52.9% and 50.0% of the total GFA managed by our Group were attributed to the property projects sourced from Dima Group and Affiliated Companies, respectively, and approximately 93.9%, 84.9% and 57.4% of our revenue generated from property management services was contributed from property projects sourced from Dima Group and Affiliated Companies, respectively. Such decreasing trend is largely due to (i) our Group's successful attempt in exploring and establishing new business relationships with Independent Third Parties; and (ii) our Group's success in diversifying our property management portfolio with wider source of revenue from Independent Third Parties.

During the Track Record Period, we strive to participate in more tenders for property projects from Independent Third Parties to diversify our property portfolio. Our total GFA under management for property projects sourced from Independent Third Parties increased from approximately 2.8 million sq.m., to 9.9 million sq.m. and 14.1 million sq.m., representing approximately 23.3%, 47.1% and 50.0% of the total GFA managed by our Group. During the Track Record Period, approximately RMB15.7 million, RMB52.9 million and RMB267.6 million, representing approximately 6.1%, 15.1% and 42.6% of our revenue were generated from property projects sourced from Independent Third Parties, respectively. The growth of such records indicates our Company's capability in market expansion with Independent Third Parties, including property developers, property owners' associations and individual property owners. For details of our effort in diversifying our customer base in respect of property management services, please refer to the paragraph headed "Independence from our Controlling Shareholders and their respective close associates – Business and operation independence – Diversification of customer base" in this section below.

Based on the information provided by Dima Group and Affiliated Companies and public information available, Dima Group and Affiliated Companies developed and completed a total of 23, 32 and 10 property projects during each of the three years ended 31 December 2021, respectively, among which we were engaged to provide property management services to 15, 25 and 10 property projects during each of the three years ended 31 December 2021, respectively. During each of the three years ended 31 December 2021, the proportion of properties developed by Dima Group and Affiliated Companies that were managed by our Group were approximately 65.2%, 78.1% and 100.0%, respectively.

While property management service providers, including our Group, mainly obtain new property management service agreements via tender and bidding processes, and the success of which depends on a number of factors, including but not limited to, service quality, proposed property management fees rate and other credentials. Despite the vast choices of property management service providers which provide similar services in the market, we believe it would be in the best interest of Dima Group to select and engage our Group, but not other property management service providers, considering the amount of time and resources required for seeking comparable new service providers which can satisfy all its requirements. Based on the information provided by Dima Group and Affiliated Companies and public information available, tendering requirements of Dima Group and Affiliated Companies are, in general, (i) business relationship with Dima Group for over ten years; (ii) within Dima Group's top five customer satisfaction level ranking; (iii) one of the Top 100 Property Management Companies in China; (iv) accreditation of ISO certification in relation to quality management system, environmental management system and occupational health and safety management system; and (v) other requirements specifically related to the relevant property project. We have satisfied all the above tendering requirements of Dima Group and Affiliated Companies. We believe that through years of cooperation, our Group and both Dima Group and Affiliated Companies have developed a mutual and in-depth understanding of the business operations of each other and shared a similar service philosophy. Our long-standing relationship and established track record of providing services to Dima Group and Affiliated Companies is due to our familiarity with the standards and requirements of Dima Group and Affiliated Companies, which has helped reduce communication costs, accumulate tacit knowledge of service provisions to Dima Group and Affiliated Companies, build mutual trust and has enabled us to constantly provide high-quality and tailor-made property management services that meet the specific demands and requirements of Dima Group and Affiliated Companies for both residential properties and non-residential properties. We have dedicated a quality control team in order to maintain the stability of our service quality and allow prompt response to the feedbacks, suggestions and complaints from property owners and residents of the property projects we manage. The fact that we did not experience any material customer complaints about our services or products during the Track Record Period and up to the Latest Practicable Date proved our strong quality control system which strengthened the confidence of Dima Group and Affiliated Companies in us. Since we also offer value-added services to non-property owners and community value-added services, we can accommodate with the needs of Dima Group and Affiliated Companies for their property projects in different development stages and provide a wider variety of services to the residents which can satisfy different needs of residents and in turn create higher customers satisfaction of the property projects of Dima Group and Affiliated Companies. Furthermore, our Directors believe that (i) the high customer satisfaction level of our property management service can improve the living experience of property owners and residents of the property projects under our management, and in return improve the sales of property projects developed by Dima Group; (ii) our operation systems and management process highly synchronise with Dima Group's needs in terms of areas including hardware configuration, architectural planning and gardening, which can improve the efficiency of property management services; and (iii) the collaboration of Dongyuan Real Estate and our Group would improve the brand value of Dima Group as a whole and in return increase customer loyalty, for example (a) by providing services along the value chain, such as preliminary planning services, sales assistance services, property management services and community value-added services after property delivery, our Group is involved in the whole process of property development of Dima Group and is able to provide better integration and higher quality services which can strengthen the overall customer recognition of the Dima brand; (b) while Dima Group provides value-added facilities in its property projects which cater for children's growth, humanistic neighbors and community support, our Group provides property management services, community value-added services to property owners and residents of such property projects by utilising the facilities developed by Dima Group, which allows property owners and residents to fully experience high quality facilities and high quality services. We believe that due to the above reasons and competitive advantages of our Group, we enjoyed high success rates of obtaining property management service agreements from participating in tender and bidding processes of each of Dima Group and Affiliated Companies. The success rate of entering into property service agreements with Dima Group and Affiliated Companies by participating in their tender and bidding process was 100.0% for each year during the Track Record Period. Based on the historical figures collected and analysed by CIA, property management service providers which are affiliates of property developers tend to have a higher rate of success on tenders organised by such property developers based on a long-term cooperative relationship with mutual trust. Such mutual trust and win-win cooperation relationship are important to both the property developers and property management service providers, since it (i) ensures stable, consistent and reliable property management services are provided to the properties developed by the property developers; and (ii) provides sustainable income for property management service providers. In particular, we believe the engagement of a long-established property management service provider such as our Group is an important factor to be taken into consideration by the property developers and property owners as this is critical for the value preservation of the properties.

In addition to the property management services, we also provide to Dima Group and Affiliated Companies value-added services to non-property owners which include sales assistance services to enhance the visiting experience of potential property owners. Further, we provide to Dima Group and Affiliated Companies community value-added services, including car parking space management services and community events planning services. We believe that these services are significant to the overall property development and sales process of Dima Group and Affiliated Companies, which contributed to the success and reputation of Dima Group and Affiliated Companies.

During the Track Record Period, (i) approximately 41.0%, 41.8% and 39.6% of our revenue generated from our provision of community value-added services were attributable to Dima Group and Affiliated Companies; and (ii) approximately 96.6%, 91.4% and 78.5% of our revenue generated from our provision of value-added services to non-property owners were attributable to Dima Group and Affiliated Companies. Such decreasing trend is largely due to our Group's successful marketing attempt to increase property projects sourced from Independent Third Parties as community value-added services are complementary with our provision of property management services to them. For details of our effort in diversifying our customer base in respect of community value-added services and value-added services to non-property owners, please refer to the paragraph headed "Independence from our Controlling Shareholders and their respective close associates – Business and operation independence – Diversification of customer base" in this section below.

Taking into account the above, and given that (i) we have been providing property management and related services to Dima Group since 2004; (ii) we had been invited to participate in, and been awarded a majority of tenders organised by Dima Group and Affiliated Companies during the Track Record Period; (iii) benefiting from such a long standing relationship, we are familiar with the strategies, standards and requirements of Dima Group and Affiliated Companies and are therefore able to provide value-added services to non-property owners and community value-added services to them in order to meet their specific needs; and (iv) Dima Group and Affiliated Companies have been benefiting from the quality and reliability of our services, our Directors are of the view that we have competitive advantages over our competitors, our relationship with Dima Group and Affiliated Companies has become mutually beneficial and complementary, and in turn, it is unlikely that the relationship between our Group and both Dima Group and Affiliated Companies will materially adversely change or be terminated.

To further reduce our reliance on Dima Group and Affiliated Companies, we will continue to (i) participate in tender and bidding processes for property projects of Independent Third Parties; (ii) strengthen our relationship with existing independent customers; (iii) explore and establish new relationship with independent customers; and (iv) as set out in the section headed "Business – Our business strategies" in this prospectus, if appropriate targets could be identified, consider expanding our business through merger and acquisitions.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

As at the Latest Practicable Date, none of our Controlling Shareholders or Directors controls or conducts any business which competes, or is likely to compete, either directly or indirectly, with our business.

Our Directors consider that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective associate based on the following particulars:

Management independence

Our Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. Save for our two non-executive Directors, namely, (i) Ms. Yi Lin who is a director, vice chief executive officer and head of finance department of Dima as at the Latest Practicable Date; and (ii) Mr. Chen Han who is the vice chief executive officer of Dima and the general manager of the human resources division of Dongyuan Real Estate, a member of the Dima Group, as at the Latest Practicable Date, there is no overlap of directors and members of the senior management between our Group and our Controlling Shareholders (and their respective close associates). Ms. Yi Lin and Mr. Chen Han are our non-executive Directors and will not be involved in the day-to-day management or affairs and operations of our businesses.

In the event that the two overlapping Directors are required to abstain from any board meeting of our Company on any matter which may give rise to a potential conflict of interest, the remaining Directors, including two executive Directors and three independent non-executive Directors, will have sufficient expertise and experience to fully consider any such matter. Despite having two overlapping Directors, our Directors, including our independent non-executive Directors, are of the view that our Board is able to manage our business independently from our Controlling Shareholders for the following reasons:

(a) none of the businesses of the companies owned by our Controlling Shareholders and their close associates competes, or is likely to compete, with our business and with the corporate governance measures in place to manage existing and potential conflict of interest, the dual roles assumed by the two overlapping Directors in most cases will not affect the requisite degree of impartiality of our Directors in discharging their fiduciary duties owed to our Company;

(b) we have three independent non-executive Directors, and certain matters of our Company, including continuing connected transactions and other matters referred to in the Non-competition Undertaking, details of which are set out in the paragraph headed "Non-competition" in this section below, must always be referred to our 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) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transaction and shall not be counted in the quorum.

We believe our Directors with no overlapping directorships have the requisite qualifications, integrity and experience to maintain an effective Board and observe their fiduciary duties in the event of conflict of interest. Please see the section headed "Directors, Supervisors and senior management" in this prospectus for the relevant experience and qualifications of our Directors.

We have our team of staff to carry out the business decisions of our Group independently. Our Directors are satisfied that our team of staff is able to perform its roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after Listing.

Business and operation independence

Independent business operations

Our business operations are carried out separately from and independent from those of our Controlling Shareholders and their respective close associates. We enjoy independent right to make operational decisions and implement such decisions. We also have sufficient capital and employees necessary to make all decisions, and to carry out our own business operation independently from our Controlling Shareholders and their respective close associates and will continue to do so after Listing.

Diversification of customer base

During the Track Record Period, there was an increase in the number of Independent Third Parties as our customers. Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group has entered into nine new property management service agreements with Independent Third Parties with a total contracted GFA of approximately 0.1 million sq.m.. The following table sets out the percentage of our revenue generated from provision of (a) property management services; and (b) services in respect of our diversified operations (i.e. community value-added services and value-added services to non-property owners) to (i) Dima Group and Affiliated Companies; and (ii) Independent Third Parties, during the Track Record Period:

	Year ended 31 December					
	2019		**2020**		**2021**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue generated from provision of property management services with respect to property projects sourced from						
Dima Group and Affiliated Companies	241,611	93.9	296,451	84.9	361,383	57.4
Independent Third Parties	15,673	6.1	52,914	15.1	267,645	42.6
Total	257,284	100.0	349,366	100.0	629,028	100.0

	Year ended 31 December					
	2019		**2020**		**2021**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue generated from provision of our services in respect of diversified operations (ie. community value-added services and value-added services to non-property owners) to						
Dima Group and Affiliated Companies	194,168	64.3	279,989	67.1	331,449	58.7
Independent Third Parties	107,702	35.7	137,447	32.9	232,946	41.3
Total	301,870	100.0	417,436	100.0	564,395	100.0

During the Track Record Period, Dima Group (excluding our Group) and Affiliated Companies did not provide either community value-added services or value-added services to non-property owners directly themselves. To the best of our Directors' knowledge and belief, after making all reasonable enquiries, neither Dima Group nor Affiliated Companies engaged other companies to provide such services to property projects managed by our Group during the Track Record Period. Therefore, the total costs incurred by Dima Group and Affiliated Companies for community value-added services or value-added services to non-property owners provided to property projects managed by us were all attributable to our Group.

We take various measures that are tailored to the characteristics of different customers and business partners to further our cooperation with Independent Third Party property developers. There was an increase in contribution of other sources of property projects to our GFA under management during the Track Record Period, which amounted to approximately 23.3%, 47.1% and 50.0% as at 31 December 2019, 2020 and 2021, respectively. Such increase was mainly due to our following customer base diversification effort during the Track Record Period:

(a) Acquisitions of third-party property management companies

During the Track Record Period, we acquired a number of third-party property management companies and obtained property projects sourced by such third-party property management companies. For details of such acquisitions, please refer to the section headed "History and development – Acquisitions during the Track Record Period" in this prospectus. As disclosed in the section headed "Future plans and use of proceeds – Use of proceeds" in this prospectus, we intend to continue with our strategy to expand our business operations through acquisition. Following such acquisition(s), we believe we will have more property projects sourced from Independent Third Parties and our property portfolio will be further diversified. For more details of our business expansion plan, please refer to the section headed "Business – Our business strategies – Solidify our market position and expand our property portfolio and business scale with organic growth, strategic acquisitions and investment and synergy from Dima Group" in this prospectus.

(b) Expansion of our market development team

We plan to expand our collaboration with Independent Third Party property developers by further expanding our market development team. We have a market development team in each regional headquarters of our Group which is in charge of overall strategic planning and implementation of our Group's strategic acquisitions and investments. Our market development team consisted of 28, 87 and 85 employees in total as at the end of each year during the Track Record Period, respectively. The market development teams conduct market research and information gathering in each of their respective regions for our Group's strategic acquisitions and investments, including identifying potential business opportunities, commercial negotiations and customer management, and support the execution of any acquisition and investment activities. The market development teams explore business opportunities through exploring websites or other platforms on which property developers, property owners' associations, state-owned enterprises and government agencies announce tender opportunities, or uncovering business opportunities through recommendation from, or frequent communication with customers, local tendering agencies, and other industry players via conferences, networking events, etc.. We also plan to form strategic alliance with local property agencies in order to explore business opportunities at local level and expand our marketing channels. We plan to establish business relationship with Independent Third Party property developers by leveraging their existing relationship with our acquired property management companies, and seek opportunities to further procure property management service agreements for other property projects developed by them.

(c) Participation in tendering and bidding of Independent Third Party property developers

As a means to reduce our reliance on Dima Group and Affiliated Companies, in 2020, we participated in 54 tendering and bidding processes for property projects developed by Independent Third Parties. Leveraging our established market reputation and extensive property management service experience, we obtained 42 property projects sourced from Independent Third Parties, representing a tender and bidding success rate at approximately 78.0% in 2020. During the year ended 31 December 2021, we have participated in 102 tendering and bidding processes for property projects developed by Independent Third Parties and obtained 89 new property management service agreements with Independent Third Parties, representing a tender and bidding success rate at approximately 87.3%. 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 Parties. 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 Parties. Going forward, our Group will continue to adopt the following measures to increase our tender and bidding success rate: (i) leveraging on the expansion of our market development team for capturing of more tender and bidding opportunities; (ii) organising more on-site roadshows for property owners for better demonstration of our services; (iii) enhancing our marketing effort by leveraging our brand name, high customer satisfaction level and upscale market positioning of the properties managed by us; (iv) providing training to our staff so as to further improve our service proposals and bidding materials; and (v) obtaining recommendations from our customers and industry associations. We expect our Group will 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.

(d) Formation of joint venture companies or subsidiaries with local property developers who are Independent Third Parties

During the Track Record Period, our Group has formed joint venture companies or subsidiaries with local property developers who are Independent Third Parties. Our Directors believe that through formulating joint venture companies or subsidiaries with local property developers, our Group can (i) obtain new sources of property projects of a wider variety of property types (e.g. hospitals and public properties); (ii) leverage on the brand name of local property developers and establish market presence in local market; (iii) leverage on the market intelligence and experience of local property owners and gain better understanding of the requirements of local property owners and property developers; and (iv) develop closer business relationship with local property owners and explore future business opportunities. During the Track Record Period, we newly established seven joint venture companies and subsidiaries with local property developers, namely: Guizhou Dongyuan, Xi'an Dongyuan, Nanchong Dongyuan, Zhengzhou Donghe, Zhejiang Dongyuan, Chongqing Property Management and Dongyuan Kaiyue. Dongyuan Kaiyue was established by us with Sichuan Da'ai Public Facilities Management Co., Ltd.* (四川大愛公共設施管理有限公司), which is a subsidiary of Sichuan Kaiyue Investment Group Co., Ltd.* (四川凱越投資集團有限公司, "**Sichuan Kaiyue**"), a local property developer in Sichuan province of the PRC. During the year ended 31 December 2021, Dongyuan Kaiyue entered into a property management service agreement with a PRC property developer which was owned as to 40% by Sichuan Kaiyue. During the Track Record Period, we sourced the above business collaboration opportunities with local property developers by introduction from property owners, our staff, Dima Group and market information. We will continue to explore more business collaboration opportunities with local property developers in the future. During the Track Record Period, such seven joint venture companies and subsidiaries contributed seven property projects with contracted GFA of approximately 2.8 million sq.m..

(e) Diversification measures for our value-added services to non-property owners

We also plan to expand our customer base for our value-added services to non-property owners to Independent Third Parties. During the Track Record Period, we expanded our value-added service to non-property owners offered to Independent Third Party by acquisition of Shengkang Group which focuses on provision of property management services for hospitals and medical complexes. We have also established a team in Chongqing Dongwei for business development of pre-delivery consultancy and inspection services and sales assistance services to non-property owners and such team consisted of 81 employees as at 31 December 2021. Since its establishment in July 2019 and up to 31 December 2021, approximately 79% of the number of contracts entered into by Chongqing Dongwei were with Independent Third Parties. Through providing pre-delivery consultancy and inspection services and sales assistance services to non-property owners who are Independent Third Parties, we believe we have accumulated knowledge on the requirements, needs and standard of non-property owners who are Independent Third Parties which would allow us to better serve their needs going forward.

We plan to continue with our effort in seeking opportunities to collaborate with property management companies and property developers which are Independent Third Parties for offering our sales assistance services, pre-delivery consultancy and inspection services, and maintenance and renovation services.

(f) Diversification measures for our community value-added services

During the Track Record Period, we diversified our community value-added services to Independent Third Parties by establishing subsidiaries specialising on provision of various types of community value-added services.

In March 2019, we established Chongqing Zhonghang Shijia which specialised in provision of property agency services. During the Track Record Period, we established 37 property agency outlets, five of which were established in community of properties developed by Independent Third Parties and three of which were established in community of properties developed by Dima Group and Affiliated Companies. During the three years ended 31 December 2021, these eight property agency outlets established in community of properties developed by Independent Third Parties or Dima Group and Affiliated Companies completed seven, 22 and 54 property transfers and 18, 75 and 77 leases, respectively.

In April 2019, we established Chongqing Chengfang which specialised in provision of renovation services. We have established a team which specialised in the business development, quality control and service development for renovation services of Chongqing Chengfang and such team consisted of three employees as at 31 December 2021.

Our Directors believe that by developing specialised teams for provision of community value-added services, our Group can better answer to the needs and requirements of customers who are Independent Third Parties in a timely manner and develop customer network. Going forward, we will continue to expand our property agency outlets to properties sourced from Independent Third Parties and explore opportunities to build competitive community value-added businesses that can provide services to customers beyond our existing customer group, such as residents living in surrounding neighbourhoods or other business customers in a variety of industries. In addition, we also plan to expand our service types by providing catering services and serve as business agents for non-residential related customers, such as owners or operators of industrial parks and commercial properties.

Taking into account of the above, our Directors believe that our reliance on Dima Group will be reduced and hence, the percentage of revenue contribution generated from them will in turn decrease.

Means to obtain property management business

Although almost half of the total GFA under management covered by the property management services provided by our Group as at 31 December 2021 were the property projects from Dima Group and Affiliated Companies, our Group conforms to industry norms in property management service business, where we obtain property management service agreements through (i) tendering (including public tenders and tenders by invitation); and (ii) commercial negotiation. However, the specific method adopted for selecting the provider of preliminary property management services is usually decided by the property developer. Our pricing for property management services conforms with industry norms.

Based on our experience in participating in the tender and bidding process organised by Dima Group and Affiliated Companies, to the best of the knowledge of our Directors, Dima Group and Affiliated Companies will generally take into account various factors when evaluating tenders including but not limited to: (i) staff experience in managing similar types of property projects; (ii) pricing; (iii) quality of service; and (iv) branding. We consider our brand, scale and experience in property management to be our competitive advantages, which enable us to secure property projects from Dima Group and Affiliated Companies. This has been illustrated by our 100% success rate of obtaining property management service agreements from participating in tender and bidding processes of Dima Group and Affiliated Companies during the Track Record Period. During the Track Record Period, our Group was not invited to the tender and bidding process of 17 property projects developed by Dima Group and Affiliated Companies as Dima Group does not have controlling interest in the development of such property projects, and such property projects have total expected GFA under management of approximately 1.3 million sq.m., located at Sichuan Province, Hubei Province, Zhejiang Province and Jiangsu Province.

Property owners' choice

At the post-delivery stage of the property projects where the property units have been wholly or partially sold and fit for occupation by individual owners, the property owners' associations or the owners of such property units have the right to select (or replace) the property management service provider. Our Controlling Shareholders and their respective close associates do not have any influence over the selection (or replacement) of the property management service provider by individual owners. As the majority of these property owners (i.e. our customers) are parties other than our Controlling Shareholders and their respective close associates, there is no over reliance by our Group on our Controlling Shareholders and their respective close associates for generation of revenue at the post-delivery stage.

Licences required for operations

We hold all the necessary certificates, licences and permits from relevant authorities for the operation of our business in all material respects, and enjoy the benefits brought by them.

Operational facilities

As at the Latest Practicable Date and save as disclosed in the section headed "Continuing connected transactions" in this prospectus, all necessary properties and facilities required for our business operations are independent of our Controlling Shareholders and their respective close associates.

Employees

As at the Latest Practicable Date, all of our full-time employees were recruited primarily through independent recruitment methods, such as recruitment websites, campus recruitment programmes, newspaper advertisements and recruitment agencies; and internal referrals.

Connected transactions with our Controlling Shareholders

Details of the continuing connected transactions between our Group and our Controlling Shareholders or their associates which will continue after completion of the Global Offering are set out in the section headed "Continuing connected transactions" in this prospectus. All such transactions shall be based on tender and bidding process in accordance with the relevant laws and regulations or determined after arm's length negotiations and on normal commercial terms or better. In determining the fees for services between our Group and our Controlling Shareholders or their associates, factors such as the nature, size and location of the property projects, the service scopes, and the anticipated operational costs (including labour costs, material costs and administrative costs) are taken into consideration, with reference to the rates generally offered by us to Independent Third Parties in respect of comparable services, the fees for similar services and types of property projects in the market and the pricing terms as recommended by the relevant government authorities. In addition, the fees and terms offered to our Controlling Shareholders or their associates and offered to other third parties for the same types of transactions are similar.

Save for certain continuing connected transactions conducted in ordinary course of business of our Group as set out in the section headed "Continuing connected transactions" in this prospectus, our Directors do not expect that there will be any other continuing connected transactions between our Group and our Controlling Shareholders and their respective close associates upon or immediately after completion of the Global Offering.

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. We have independent access to such customers, our suppliers as well as other business partners.

Financial independence

During the Track Record Period and up to the Latest Practicable Date, we had our own accounting and finance team and accounting system. Our Directors also believe that we are able to obtain financing independently from our Controlling Shareholders.

As at 31 December 2021, there are certain amounts due to Dima Group and Affiliated Companies, as set out in notes 36(d) and (e) to the Accountant's Report in Appendix I to this prospectus. Such balances were unsecured and interest-free. All of such balances will be settled upon Listing.

Save as aforesaid, our Group does not rely on our Controlling Shareholders and/or their respective associates by virtue of financial assistance. Accordingly, there is no financial dependence on our Controlling Shareholders.

DOYEN DEBT RESTRUCTURING

Background

Since the fourth quarter of 2017, Chongqing Doyen and certain of its subsidiaries (including Chongqing Shuorun and Jiangsu Jiangdong Group Co., Ltd* (江蘇江動集團有限公司) ("**Jiangsu Jiangdong**"), together the "**Doyen Group**")) experienced financial difficulties and defaulted on certain of their loans, and part of the securities for the relevant loans of Chongqing Shuorun and Jiangsu Jiangdong are the 1,074,450,283 shares in Dima held by Mr. Lo And His Associates (i.e. Chongqing Doyen, Mr. Lo, Ms. Zhao and Chongqing Shuorun), representing approximately 42.16% shares in Dima as at the Latest Practicable Date. The financial difficulties experienced by Doyen Group were mainly due to the PRC government's policy to remove excess capacity in the coal industry, which adversely affected the coal market of the PRC, the revenue of Doyen Group's coal mines and the cash flow of Doyen Group.

Judicial Preservation of the shareholdings in Dima held by Mr. Lo And His Associates

Since 30 November 2017 and up to the Latest Practicable Date, the Creditors of some of the abovementioned loans applied to courts in the PRC for judicial preservation ("司法凍結") ("**Judicial Preservation**") of the shareholdings in Dima held by Mr. Lo And His Associates in order to obtain prioritisation in enforcing their rights under the relevant loan agreements. Dima was notified by the CSDCC, an independent securities registration and clearing institution in the PRC, that the courts of the PRC issued 12 valid Judicial Preservation Notices on the certain shares of Dima held by Chongqing Doyen. Based on the securities freezing record of CSDCC, the respective shares of Chongqing Shuorun and Ms. Zhao in Dima were also subject to the

Judicial Preservation. Such Judicial Preservation was made on 1,074,450,283 shares of Dima, in aggregate, held by Mr. Lo And His Associates, representing approximately 42.16% of the shareholdings of Dima as at the Latest Practicable Date. Such Judicial Preservation is effective for a period of three years from the date of the notice of formal judicial preservation. As advised by our PRC Legal Advisers, (i) shareholdings of Dima subject to Judicial Preservation shall not be transferred or used by any party unless with the approval of the court which granted such preservation order or such Judicial Preservation being withdrawn by the relevant applicant(s); and (ii) the term of such Judicial Preservation may be extended on application by the creditors. The following table sets out details in relation to the Judicial Preservation Notices against shares in Dima held by Chongqing Doyen:

	Number of shares of Dima subject to Judicial Preservation[Note 3]	**Creditor type**	**Date of notice**	**Validity period of notice**	**Status as at the Latest Practicable Date**
1.	885,737,591	Trust Company	30 November 2017	30 November 2017 to 29 November 2020	Expired
2.	885,737,591	Bank	4 December 2017	3 years from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
3.	885,737,591	Bank	4 December 2017	3 years from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
4.	885,737,591	Trust Company	4 December 2017	3 years from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
5.	885,737,591	Bank	14 December 2017	3 years from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
6.	885,737,591	Bank	22 December 2017	36 months from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
7.	885,737,591	Asset Management Company	10 January 2018	3 years from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]

	Number of shares of Dima subject to Judicial Preservation[Note 3]	Creditor type	Date of notice	Validity period of notice	Status as at the Latest Practicable Date
8.	885,737,591	Trust Company	21 March 2018	3 years from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
9.	885,737,591	Bank	25 April 2018	3 years from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
10.	885,737,591	Trust Company	20 December 2018	3 years from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
11.	30,000,000	Bank	25 November 2020	3 years from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
12.	885,737,591	Bank	25 November 2020	3 years from date of freezing of shares[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
13.	885,737,591	Trust Company	26 November 2020	From 26 November 2020 to 25 November 2023	Valid (renewal of notice number 1)

Note:

1. Three years validity period of a judicial preservation notice will commence when the judicial preservation notice registered prior to it is released or expired. As at the Latest Practicable Date, such judicial preservation notice is still valid.

2. As advised by our PRC Legal Advisers, 輪候凍結 (pending to be frozen*) means assets frozen by a People's Court of the PRC are pending to be frozen by other judicial preservation notice(s) upon expiry or release of judicial preservation notice registered prior to it. The relevant shares of Dima was first frozen by notice no. 1, which had expired and subsequently renewed by notice no. 13. Unless notice no.13 has been subsequently renewed by the relevant creditors before the expiry of the relevant validity period of such Judicial Preservation, the relevant shares of Dima listed in notice no. 2 to 12 are pending to be frozen upon expiry or release of notice no. 13.

3. The number of shares of Dima subject to Judicial Preservation are based on the relevant Judicial Preservation Notices and search results from the CSDCC.

The following table sets out details in relation to the Judicial Preservation of shareholdings in Dima held by Ms. Zhao:

	Number of shares of Dima subject to Judicial Preservation[Note 3]	Applicants	Date of Judicial Preservation application made to the People's court	Validity period of Judicial Preservation	Status at the Latest Practicable Date
1.	2,692	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	30 November 2017	Up to 25 November 2023	Valid
2.	20,000,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	30 November 2017	Up to 25 November 2023	Valid
3.	13,000,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	30 November 2017	Up to 25 November 2023	Valid
4.	7,500,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	30 November 2017	Up to 25 November 2023	Valid
5.	16,400,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	30 November 2017	Up to 25 November 2023	Valid
6.	12,000,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	30 November 2017	Up to 25 November 2023	Valid
7.	5,000,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	30 November 2017	Up to 25 November 2023	Valid
8.	26,210,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	30 November 2017	Up to 25 November 2023	Valid
9.	10,000,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	30 November 2017	Up to 25 November 2023	Valid
10.	3,600,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	30 November 2017	Up to 25 November 2023	Valid
11.	113,712,692	Chengdu Railway Transportation Intermediate Court (成都鐵路運輸中級法院)	4 December 2017	N/A[Note 1]	Pending to be frozen (輪候凍結)[Note 2]

	Number of shares of Dima subject to Judicial Preservation[Note 3]	Applicants	Date of Judicial Preservation application made to the People's court	Validity period of Judicial Preservation	Status at the Latest Practicable Date
12.	113,712,692	Chongqing People's High Court (重慶市高級人民法院)	4 December 2017	N/A[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
13.	113,712,692	Chongqing People's High Court (重慶市高級人民法院)	4 December 2017	N/A[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
14.	113,712,692	First Intermediate People's Court of Shanghai (上海市第一中級人民法院)	21 March 2018	N/A[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
15.	113,712,692	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	25 April 2018	N/A[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
16.	113,712,692	Intermediate People's Court of Yancheng, Jiangsu Province (江蘇省鹽城市中級人民法院)	10 December 2018	N/A[Note 1]	Pending to be frozen (輪候凍結)[Note 2]

Notes:

1. Based on the information available to our Company, no validity period of the Judicial Preservation is available for the Judicial Preservation with status of "pending to be frozen (輪候凍結)".

2. As advised by our PRC Legal Advisers, 輪候凍結 (pending to be frozen*) means assets frozen by a People's court are pending to be frozen by other judicial preservation notice(s) upon expiry or release of judicial preservation notice registered prior to it. Unless applications no. 1 to 10 have been subsequently renewed by the relevant applicants before the expiry of the relevant validity period of such Judicial Preservation, the relevant shares of Dima listed in applications no. 11 to 16 are pending to be frozen upon expiry or release of Judicial Preservation pursuant to applications no. 1 to 10.

3. The number of shares of Dima subject to Judicial Preservation are based on search results from the CSDCC. As confirmed by Ms. Zhao, she had previously received, but did not keep a full record of the relevant Judicial Preservation Notices from the CSDCC. Our Company has approached the CSDCC and People's Court of the PRC to enquire about the details relating to the Judicial Preservation on the shareholdings in Dima held by Ms. Zhao.

The following table sets out details in relation to the Judicial Preservation of shareholdings in Dima held by Chongqing Shuorun:

	Number of shares of Dima subject to Judicial Preservation[Note 3]	Applicants	Date of Judicial Preservation application made to the People's court	Validity period of Judicial Preservation	Status at the Latest Practicable Date
1.	15,000,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	4 December 2017	Up to 25 November 2023	Valid
2.	10,000,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	4 December 2017	Up to 25 November 2023	Valid
3.	13,000,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	4 December 2017	Up to 25 November 2023	Valid
4.	37,000,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	4 December 2017	Up to 25 November 2023	Valid
5.	75,000,000	Chongqing People's High Court (重慶市高級人民法院)	4 December 2017	N/A[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
6.	75,000,000	Chongqing People's High Court (重慶市高級人民法院)	4 December 2017	N/A[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
7.	75,000,000	Chongqing People's High Court (重慶市高級人民法院)	10 January 2018	N/A[Note 1]	Pending to be frozen (輪候凍結)[Note 2]
8.	75,000,000	Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院)	25 April 2018	N/A[Note 1]	Pending to be frozen (輪候凍結)[Note 2]

Notes:

1. Based on the information available to our Company, no validity period of the Judicial Preservation is available for the Judicial Preservation with status of "pending to be frozen (輪候凍結)".

2. As advised by our PRC Legal Advisers, 輪候凍結 (pending to be frozen*) means assets frozen by a People's court are pending to be frozen by other judicial preservation notice(s) upon expiry or release of judicial preservation notice registered prior to it. Unless applications no. 1 to 4 have been subsequently renewed by the relevant applicants before the expiry of the relevant validity period of such Judicial Preservation, the relevant shares of Dima listed in applications no. 5 to 8 are pending to be frozen upon expiry or release of Judicial Preservation pursuant to applications no. 1 to 4.

3. The number of shares of Dima subject to Judicial Preservation are based on search results from the CSDCC. As confirmed by Chongqing Shuorun, it previously received, but did not keep a full record of the relevant Judicial Preservation Notices from the CSDCC. Our Company has approached the CSDCC and People's Court of the PRC to enquire about the details relating to the Judicial Preservation on the shareholdings in Dima held by Chongqing Shuorun.

Details of the Restructuring Proposal

So far as we are aware, in November 2017, with the coordination of Chongqing Local Financial Supervision and Administration Bureau (重慶市地方金融監督管理局) ("**Chongqing Financial Bureau**"), being the authority leading the implementation of the Restructuring Proposal, and supported by the People's Government of Chongqing City, the Creditors formed the Creditors' Committee and commenced the formation of a debt restructuring plan for the Doyen Group. Pursuant to the minutes of the meeting of the Creditors' Committee dated 27 November 2017, it was agreed that, subject to the compliance of the relevant laws and regulations of the PRC, the Creditors' Committee will implement the Restructuring Proposal under the principle of "不抽貸、不壓貸、不斷貸" ("no withdrawal of grant of loan, no reduction in loan amount, and no termination of loan"). Further to the discussions with Chongqing Doyen, Mr. Lo and His Associates, based on their continuous communication and regular meetings with Chongqing Financial Bureau and the Creditors, our Directors are of the view that such principle means Chongqing Financial Bureau procures, and the Creditors' Committee agrees, that the Creditors shall not seek to immediately enforce their respective creditors' right which would adversely affect the operation of Chongqing Doyen during the Doyen Debt Restructuring period. Subsequent to that and in April 2018, Chongqing Doyen entered into a corporate restructuring consultancy services agreement (企業重組顧問協議) with China Huarong Asset Management Co., Ltd. Chongqing City Branch (中國華融資產管理股份有限公司重慶市分公司) ("**Huarong**"). In December 2018, Huarong submitted the Restructuring Proposal to the Creditors' Committee. Huarong was involved in the relevant discussions and negotiations of Chongqing Doyen with the Creditors and relevant government authorities, coordinated the work arrangements and responsibilities of various professional parties and assisted in introducing strategic investors for Chongqing Doyen. In January 2019, the Restructuring Proposal was approved by the Creditors' Committee. As confirmed by Chongqing Financial Bureau, being the competent authority to participate in and deal with the Restructuring Proposal as advised by our PRC Legal Advisers, the term of the Doyen Debt Restructuring period is five years, between 1 January 2019 and 31 December 2023. During such period, Chongqing Doyen was required to make annual interest payments at certain interest rate to the Creditors' Committee on 20 December of each year.

Latest development

As at the Latest Practicable Date, and so far as our Company is aware of, the Doyen Debt Restructuring is still ongoing, and based on publicly available information and the respective confirmations from Mr. Lo And His Associates, no judgment has been made against the Doyen Group or any of Mr. Lo And His Associates which would lead to a transfer of the shareholdings in Dima from Mr. Lo And His Associates to the Creditors. Based on the foregoing, although the shareholdings in Dima held by Mr. Lo And His Associates are still subject to Judicial Preservation, our Directors are of the view that the Judicial Preservations would not likely affect the business operation and financial performance of our Company as no judgment has been made against the Doyen Group or any of Mr. Lo And His Associates as at the Latest Practicable Date. To the best of our Directors' knowledge and belief, after making all reasonable enquiries, the Doyen Debt Restructuring has been progressing in an orderly manner with Mr. Lo And His Associates adhering to the interest payment schedule set out in the Restructuring Proposal as at the Latest Practicable Date. As at the Latest Practicable Date, (i) the financial performance of each of Dima Group and our Company has not been affected by the Doyen Debt Restructuring; and (ii) none of the Creditors has enforced their rights on the shareholdings held by Mr. Lo And His Associates or initiated any legal process against Mr. Lo And His Associates requesting them to transfer their shareholdings in Dima.

Further, so far as our Company is aware of, and as confirmed by Chongqing Financial Bureau, being the competent authority to participate in and deal with the Restructuring Proposal as advised by our PRC Legal Advisers, the Restructuring Proposal has been implemented as planned as Chongqing Doyen has repaid all required interest from 2019 to 2021, thus no judicial auction process (with regard to the Dima Preserved Shares) has commenced. Chongqing Financial Bureau also confirmed that, so far as it is aware of, (1) as of the date of its confirmation, being 23 February 2022, the Doyen Debt Restructuring is under implementation; and (2) the operations of each of Dima Group and our Group have not been affected. In financing the debt restructuring payments, Chongqing Doyen has taken steps to gradually dispose of approximately RMB1,970 million of its assets. Furthermore, from May 2019 onwards, (i) all relevant Doyen Debt Restructuring cases have been designated to the Fifth Intermediate People's Court of Chongqing (重慶市第五中級人民法院); and (ii) the Creditors' Committee has convened meetings with Doyen Group and has been reporting the status of the implementation of the Restructuring Proposal to the relevant governmental authorities from time to time.

Directors' view on whether the Dima Preserved Shares are likely to be disposed of prior to the expiry of the Doyen Debt Restructuring period

As all the required interest has been paid by Chongqing Doyen as at the Latest Practicable Date, our Directors are of the view that all or part of the Dima Preserved Shares held by Mr. Lo And His Associates are not likely to be disposed of prior to the expiry of the Doyen Debt Restructuring period for settlement of the outstanding debt or part thereof. As such, based on (i) the Creditors' Committee agreeing to implement the Restructuring Proposal under the principle of "不抽貸、不壓貸、不斷貸" ("no withdrawal of grant of loan, no reduction in loan amount, and no termination of loan") which our Directors are of the view that, subject to the compliance of the relevant laws and regulations of the PRC, the Creditors will not enforce their respective creditors' rights which would adversely affect the operation of Chongqing Doyen; and (ii) Chongqing Doyen will make payment in accordance with the terms set out in the Restructuring Proposal, our Directors are of the view that all or part of the Dima Preserved Shares held by Mr. Lo And His Associates are not likely to be disposed of prior to the expiry of the Doyen Debt Restructuring period for settlement of the outstanding debt or part thereof. For further details, please refer to the paragraph headed "Risk factors – Risk relating to the Doyen Debt Restructuring" in this prospectus.

Our PRC Legal Advisers' view on the legal implications of the Doyen Debt Restructuring on our Group and the Spin-off

As advised by our PRC Legal Advisers, only the Dima Preserved Shares were subject to the Judicial Preservation. The Judicial Preservation has no restriction on any spin-off of subsidiaries of Dima. As further confirmed by our PRC Legal Advisers, neither (i) the Circular of the China Securities Regulatory Commission on Several Issues Concerning the Standardization on Overseas Listing of Subordinated Enterprises of Domestically-Listed Companies (《中國證券監督管理委員會關于規範境內上市公司所屬企業到境外上市有關問題的通知》), which was effective on the date of the submission of the Spin-off application to the CSRC; nor (ii) the subsequent the Rules for Spin-off of Listed Companies (for Trial Implementation)* (《上市公司分拆規則(試行)》), which came into effect on 5 January 2022, provided that freezing of shares of a listed company held by shareholders (i.e. Doyen Group, Mr. Lo And His Associates) of a listed company shall be one of the restrictions on spin-off of subsidiaries of a listed company. Therefore, the Spin-off is not subject to the Judicial Preservation.

According to the Civil Code of the PRC, a legally valid contract is legally binding on the parties to the contract and is not binding on other parties. According to the PRC Company Law, a company is a corporate legal person independent from its shareholders and the claims of a shareholder of a company cannot be applied to a company. As confirmed by Dima and our Company, (i) Dima and our Group had not entered into any debt restructuring agreement with the Creditors; (ii) neither Dima nor our Company were the parties to the Restructuring Proposal; and (iii) there is no provisions in the abovementioned Restructuring Proposal of Doyen Group restricting any spin-off of subsidiaries of Dima. Therefore, our PRC Legal Advisers are of the view that the debts and liabilities between the shareholders of Dima (i.e. the Doyen Group, Mr. Lo and His Associates) and the Creditors are only legally binding between themselves but neither on Dima nor on our Group. Based on the above, our PRC Legal Advisers are of the view that the Spin-off does not require any approval from the Creditors. Having considered the aforementioned advice provided by our PRC Legal Advisers, our Directors, and the Sole Sponsor, concur with our PRC Legal Advisers' view. To the best of our Directors' knowledge and belief, there was not and will not be any flow of fund and assets from (a) our Company and/or (b) Dima to (1) Doyen Group and/or (2) Mr. Lo and His Associates or any other obligations imposed on our Company and/or Dima to assist Doyen Group in resolving its financial difficulties faced by Doyen Group. During the Track Record Period, there were trade amounts due from certain subsidiaries of Chongqing Doyen arising from the provision of (i) property management services in relation to (a) an industrial park project in Jiangsu province and (b) a commercial complex project in Chongqing city; (ii) value-added services to non-property owners including maintenance and renovation services; and (iii) community value-added services including utility maintenance services and community events planning services under the brand of "Our Space". As at 31 December 2021, the trade receivables due from (i) certain subsidiaries of Chongqing Doyen amounted to approximately RMB0.3 million; and (ii) Dima Group and Affiliated Companies amounted to approximately RMB215.1 million. As at 10 April 2022, approximately 83.0% and 37.7% of the trade receivables as at 31 December 2021 due from (a) certain subsidiaries of Chongqing Doyen; and (b) Dima Group and Affiliated Companies have been settled respectively. During the Track Record Period, there were no trade amounts due to any subsidiaries of Chongqing Doyen.

Impact if all or part of Dima Preserved Shares (i.e. shareholdings held by Mr. Lo And His Associates in Dima) have to be disposed of for settlement of the outstanding debt or part thereof

As the Doyen Debt Restructuring is still ongoing, there is no assurance that all or part of the shareholdings held by Mr. Lo And His Associates in Dima will not be disposed of to the Creditors or other third party(ies) for settlement of the outstanding debt or part thereof. In the event that Mr. Lo And His Associates were not able to repay in full upon the lapse of the Doyen Debt Restructuring period, as advised by our PRC Legal Advisers, with the Dima Preserved Shares being subject to the Judicial Preservation in favour of the Creditors, the Creditors may dispose of all Dima Preserved Shares through judicial auction process.

In case the Creditors enforce their rights over the Dima Preserved Shares and all Dima Preserved Shares are subsequently transferred to one single new shareholder, i.e. the Possible New Dima Shareholder, in bulk and assuming that (i) such Possible New Dima Shareholder does not have any other shareholdings in Dima and/or our Company; (ii) there are no changes in the shareholdings in both Dima and our Company, save as all Dima Preserved Shares being transferred to the Possible New Dima Shareholder; and (iii) all shareholders of Dima or our Company attend relevant shareholders' general meeting(s), our Directors are of the view that the legal structure and the operation of Dima Group and our Company will not be materially affected due to the following reasons:

A. Possible impact on Dima Group

Impact on the matters relating to legal structure and corporate governance of Dima

Shareholding structure

Dima is a company listed on the Shanghai Stock Exchange since 2002. As at the Latest Practicable Date, Mr. Lo And His Associates held approximately 42.16% shareholdings in Dima.

Pursuant to the PRC Listing Regulations, the actual controllers of a listed company include, among others, controlling shareholders who hold over 50% of shares in such company and persons who have actual control over 30% of voting rights in such company. Based on such definition, the public information of Dima (including financial reports) has disclosed Mr. Lo as the actual controller (實際控制人) of Dima, while Chongqing Doyen as the controlling shareholder of Dima. Despite the above, Chongqing Doyen has never consolidated Dima's financial information in its financial statements (e.g. for statutory tax or filing purposes to Chongqing Municipal Administration for Market Regulation* (重慶市市場監督管理局) and State Administration of Taxation Chongqing Municipal Taxation Bureau* (國家稅務總局重慶市稅務局).

In the event that all or part of Dima Preserved Shares (i.e. the shareholding in Dima held by Mr. Lo And His Associates) have to be disposed of for settlement of the outstanding debt, to the effect that the shareholdings of Mr. Lo And His Associates in Dima fall below 30%, the shareholding structure of Dima may be changed which may result in a change in the controlling shareholder and/or the actual controller of Dima under the PRC Listing Regulations.

Corporate actions

Pursuant to the Dima Articles, acquisition or disposal of material assets, i.e. the value of the subject assets represented 30% or more of the total assets of Dima (based on the latest audited financial statements) would require approval from shareholders of Dima by special resolution (i.e. approval by no less than two-third of the votes casted by shareholders attending the shareholders' general meeting). For acquisition or disposal of immaterial assets, only approval from the board of directors of Dima would be required.

Based on the latest audited financial statements of Dima for the year ended 31 December 2020, our total assets contributed less than 30% of the total assets of Dima. Based on the foregoing, even if the Possible New Dima Shareholder(s) took up all Dima Preserved Shares, assuming our total assets continue to be less than 30% of the total assets of Dima at the relevant time, disposal of our Group would only require the approval from the board of directors of Dima. For further analysis regarding the Possible New Dima Shareholder(s)' influence in board of directors of Dima, please refer to the paragraph headed "Board of directors and composition thereof" below. In the event our total assets become more than 30% of the total assets of Dima at the relevant time, since disposal of our Group would require approval from shareholders of Dima by special resolution, our PRC Legal Advisers[1] are of the view that the Possible New Dima Shareholder(s) would not be able to approve such special resolution solely by himself/herself/itself, by merely holding 42.16% shareholdings of Dima.

In addition, pursuant to the Dima Articles, winding-up of Dima would require approval from shareholders of Dima by special resolution (i.e. approval by no less than two-third of the votes casted by shareholders attending the shareholders' general meeting). As aforementioned, our PRC Legal Advisers[1] are of the view that the Possible New Dima Shareholder(s) would not be able to approve such special resolution solely by himself/herself/itself, by merely holding 42.16% shareholdings of Dima. Furthermore, pursuant to the PRC Listing Regulations, shareholders of Dima may approve the delisting of Dima by special resolution (i.e. approval by no less than two-third of the votes casted by shareholders attending the shareholders' general meeting). As a special requirement for delisting, a second special resolution, excluding shareholders who are (i) directors, (ii) supervisors, (iii) senior managers and (iv) shareholders holding more than 5% of the PRC listed companies' shares, must also be passed. Since the Possible New Dima Shareholder(s) would hold more than 5% of shares in Dima, the vote of the Possible New Dima Shareholder(s) shall be excluded in the second special resolution, and thus the Possible New Dima Shareholder(s) solely could not pass the second special resolution for the delisting of Dima.

1. Based on the assumption that (i) the Possible New Dima Shareholder(s) does not have any other shareholdings in Dima and/or our Company; (ii) there are no changes in the shareholdings in both Dima and our Company, save as all Dima Preserved Shares being transferred to the Possible New Dima Shareholder(s); (iii) all shareholders of Dima or our Company attend relevant shareholders' general meeting(s); and (iv) and none of the other shareholders of Dima acted in concert with the Possible New Dima Shareholder(s).

Further, as advised by our PRC Legal Advisers, pursuant to the Dima Articles and the relevant PRC laws (including the PRC Listing Regulations), other corporate actions (including but not limited to the disposal or acquisition of assets or granting of guarantee with an amount (aggregating all relevant transactions that happened in a year) less than 30% of the latest audited total assets of Dima) would require approval from the board of directors of Dima. In relation to this, our PRC Legal Advisers[1] are also of the view that the Possible New Dima Shareholder(s) would not be able to approve any board resolutions by himself/herself/itself, by merely holding 42.16% shareholdings of Dima.

Board of directors and composition thereof

Nomination rights pursuant to Dima Articles

As a listed company, the ultimate authority of Dima vested in the shareholders' general meeting. The operation of Dima is managed by a board of directors (save for the two employee representative directors who are appointed by the workers congress (職工代表大會)) and supervisors who are subject to re-election by its shareholders pursuant to the relevant PRC company law. According to the Dima Articles, non-independent and non-employee representative directors ("**NINED**") shall be elected or replaced at the shareholders' general meeting and the shareholders' general meeting may by special resolution remove any NINED before the expiration of his/her term of office. Thus, any change in board composition of Dima requires not less than two-third of the votes casted by the shareholders attending the general meeting.

As at the Latest Practicable Date, there are seven directors in the board of directors of Dima, including three independent directors, two employee representative directors (elected by Dima's staff representative assembly) and two NINEDs. Mr. Lo was not a director of Dima or any of its subsidiaries. According to the information provided and announcements published by Dima, the nomination status of the current seven directors of Dima are as follows:

- among all three independent directors – all of them were nominated by the board of directors of Dima;

- among two NINEDs – one of the NINEDS was nominated by Mr. Lo And His Associates; while the other was nominated by the board of directors of Dima; and

- among two employee representative directors – all of them were elected by the workers congress (職工代表大會) of Dima. As such employee representative directors are directly elected (by democracy) by the workers congress (職工代表大會) into the board of directors of Dima, such employee representative directors would not be influenced by the shareholders of Dima, including but not limited to Mr. Lo And His Associates.

1. Based on the assumption that (i) the Possible New Dima Shareholder(s) does not have any other shareholdings in Dima and/or our Company; (ii) there are no changes in the shareholdings in both Dima and our Company, save as all Dima Preserved Shares being transferred to the Possible New Dima Shareholder(s); (iii) all shareholders of Dima or our Company attend relevant shareholders' general meeting(s); and (iv) and none of the other shareholders of Dima acted in concert with the Possible New Dima Shareholder(s).

Given (i) Mr. Lo and Ms. Zhao are spouses, Chongqing Doyen and Chongqing Shuorun are directly and indirectly wholly-owned by Mr. Lo and Ms. Zhao, respectively; and (ii) Mr. Lo And His Associates, held approximately 42.16% shares in Dima in aggregate as at the Latest Practicable Date, our PRC Legal Advisers are of the view that Mr. Lo And His Associates, being parties acting in concert （一致行動人）, when exercising their rights as one group of shareholders, shall have the right to nominate up to (i) two NINEDs; and (ii) three independent directors, mainly due to the following reasons:

(i) Pursuant to the Dima Articles, shareholders holding or in aggregate holding more than 3% of the total issued shares of Dima may propose to the board of directors of Dima up to two candidates for NINED (being the maximum number of NINEDs the board of directors of Dima can have); and

(ii) Pursuant to the Dima Articles, shareholders holding or in aggregate holding more than 1% of the total issued shares of Dima may propose to the board of directors of Dima up to three candidates for independent director (being the maximum number of independent directors the board of directors of Dima can have).

Pursuant to the Dima Articles, such nomination right does not equate to the right to appoint directors as appointment of directors requires further approval of shareholders by an ordinary resolution at Dima's shareholders' general meeting pursuant to the cumulative voting right rules, as further described in the paragraph headed "Voting rights in relation to the appointment and/or replacement of directors" in this section below.

According to Article 6 of the Rules for Independent Directors of Listed Companies (《上市公司獨立董事規則》), *"independent directors must be independent of the listed companies. Independent directors shall be independent in the performance of their duties and shall not be influenced by the major shareholders of the listed company, the actual controller or other units or individuals who have an interest in the listed company."* Therefore, even though Mr. Lo And His Associates may nominate up to three independent directors, Mr. Lo And His Associates cannot control decisions to be made by the independent director(s), who would be subsequently appointed at the shareholders' general meeting of Dima, because the independent director(s) must maintain independence and perform his/her/their duties independently without being influenced by Dima's major shareholders, actual controllers or other entities or individuals with an interest in the company.

In the event that the Possible New Dima Shareholder(s) took up all Dima Preserved Shares, the Possible New Dima Shareholder(s) will replace Mr. Lo And His Associates, and will have the right to propose up to (1) two NINEDs; and (2) three independent directors. Contrastingly, if 10 Possible New Dima Shareholders took up all Dima Preserved Shares in equal portions (i.e. by holding 4.216% of shares of Dima each), each of these 10 Possible New Dima Shareholders will be able to propose up to two NINEDs and three independent directors due to their respective shareholdings being higher than 3% (for NINED nominations) and 1% (for independent directors nominations), amounting to a total of 20 NINED and 30 independent director candidates.

Voting rights in relation to the appointment and/or replacement of directors

According to the Dima Articles,

A. the list of director and supervisor candidates shall be submitted to the shareholders' general meeting as a resolution for voting;

B. the election of directors and supervisors shall adopt a cumulative voting system under which:

   (i) each share of Dima shall have the same number of votes to the number of directors or supervisors to be elected;

   (ii) shareholders can freely allocate their votes among the candidates (i.e. shareholder can cast all their votes on one candidate); and

   (iii) the minimum number of votes for each elected director must exceed half of the shares held by the shareholders present at the shareholders' general meeting.

C. the director candidates shall be elected according to the order of the number of votes received, provided that the minimum number of votes for each elected director must exceed half of the shares held by the shareholders present at the shareholders' general meeting; and

D. NINEDs shall be elected or replaced at the shareholders' general meeting and the general meeting may by special resolution remove any NINED before the expiration of his/her term of office.

Based on the above, as advised by our PRC Legal Advisers[1], (1) any removal or replacement of the NINED in the board composition of Dima prior to the expiration of the NINED's term of office requires no less than two-third of the votes casted by the shareholders' attending the general meeting; and (2) the election of directors is subject to the cumulative voting system and shall be approved as an ordinary resolution of the shareholders' general meeting, i.e. by a majority of the votes held by the shareholders (including the shareholders' proxies) attending the shareholders' meeting.

1. Based on the assumption that (i) the Possible New Dima Shareholder(s) does not have any other shareholdings in Dima and/or our Company; (ii) there are no changes in the shareholdings in both Dima and our Company, save as all Dima Preserved Shares being transferred to the Possible New Dima Shareholder(s); (iii) all shareholders of Dima or our Company attend relevant shareholders' general meeting(s); and (iv) and none of the other shareholders of Dima acted in concert with the Possible New Dima Shareholder(s).

Restrictions on the control of the board of directors of Dima

As explained above, after the Possible New Dima Shareholder(s) takes up all Dima Preserved Shares, the Possible New Dima Shareholder(s) may nominate up to five directors, including two NINEDs and three independent directors. However, in light of:

(i) the cumulative voting system, and the Possible New Dima Shareholder(s) would most likely be able to secure the election of the two director candidates nominated by him/her/it;

(ii) any independent director(s) being nominated by the Possible New Dima Shareholder(s) would be required to maintain their independence according to the requirements of relevant laws and regulations, thus shall not be controlled by the Possible New Dima Shareholder(s); and

(iii) save as otherwise disclosed in the Dima Articles, board resolutions shall only be passed by a majority of votes held by all directors of Dima, where each director shall be eligible to one voting right,

our PRC Legal Advisers[1] are of the view that the Possible New Dima Shareholder(s) (1) would likely nominate two NINEDs for election; and (2) at most be able to secure the election of such two NINEDs nominated by them in accordance with the cumulative shareholders' voting rules, in order to secure maximum representations in the board of directors of Dima through appointment of director(s).

In the event where 10 Possible New Dima Shareholders (holding 4.216% of shares of Dima each) may propose up to 50 director candidates in total, including 20 NINEDs and 30 independent director candidates, based on the assumption that each of them will only cast votes onto the respective candidates proposed by themselves, their votes would be diverted. Thus, as advised by our PRC Legal Advisers, it is very unlikely that each of such 10 Possible New Dima Shareholders, each holding 4.216% of shares of Dima, would (i) be able to secure the election of both their NINED candidates and independent director candidates proposed by him/her/it to be actually elected as directors of Dima under the cumulative voting system; and (ii) control the board of directors of Dima.

In view of the above, even if the Possible New Dima Shareholder(s) could enjoy the corresponding right to nominate more directors to the board of directors of Dima in the future, given that decisions to be made by the board of directors of Dima require majority votes from directors as required by Dima Articles, the Possible New Dima Shareholder(s) would at most be able to secure two candidates nominated by him/her/it to be elected to the board of directors of Dima out of a total of seven directors in the board of directors of Dima, our PRC Legal Advisers[1] are of the view that the New Dima Shareholder(s) would not be able to control the board of directors of Dima.

1. Based on the assumption that (i) the Possible New Dima Shareholder(s) does not have any other shareholdings in Dima and/or our Company; (ii) there are no changes in the shareholdings in both Dima and our Company, save as all Dima Preserved Shares being transferred to the Possible New Dima Shareholder(s); (iii) all shareholders of Dima or our Company attend relevant shareholders' general meeting(s); and (iv) and none of the other shareholders of Dima acted in concert with the Possible New Dima Shareholder(s).

Daily management and operations of Dima

Each of Mr. Lo and Chongqing Doyen has given an undertaking to Dima pursuant to (i) Codes 22 to 27 of the Code of Corporate Governance of Listed Companies (2002 version) (《上市公司治理準則》(2002修訂)) in relation to the independence of Dima from its controlling shareholder(s); and (ii) Article 10(6) of the Administrative Measures for the Material Assets Reorganisations of Listed Companies* (2011 version) ((上市公司重大資產重組管理辦法)(2011修訂)) promulgated by the China Securities Regulatory Commission in relation to the acquisition of equity interest in certain project companies by Dima from Chongqing Doyen by issuing consideration shares of Dima to Chongqing Doyen in 2014. Pursuant to such undertakings, each of Chongqing Doyen and Mr. Lo has undertaken, among others, that: (i) the senior management of Dima (including general manager, deputy general manager, chief financial officer and company secretary) are full time staff of Dima and are prohibited to be staff of Chongqing Doyen (except being a director and supervisor of Chongqing Doyen, its holding companies, wholly-owned subsidiaries and other companies controlled by Chongqing Doyen and Mr. Lo); (ii) the directors, supervisors and general manager of Dima nominated by Chongqing Doyen and Mr. Lo are required to undergo the election procedure prescribed in the Dima Articles, and Chongqing Doyen and Mr. Lo are restricted from interfering the appointment of senior management of Dima; and (iii) except by exercising shareholders' right under the Dima Articles, Chongqing Doyen and Mr. Lo are restricted from interfering the daily operation of Dima. Therefore, Mr. Lo And His Associates did not participate in the daily operation of Dima. Similarly, as advised by our PRC Legal Advisers, the Possible New Dima Shareholder(s) would be required to comply with the relevant PRC laws and regulations, such as by maintaining independence from Dima (to the effect similar to the undertaking given by each of Mr. Lo and Chongqing Doyen, as stipulated above). Based on the foregoing, if all Dima Preserved Shares are transferred to the Possible New Dima Shareholder(s), it (including in the worst case scenario, where Mr. Lo And His Associates cease to be shareholders of Dima) would not affect the de facto control or statutory control of Dima pursuant to the Listing Rules and would not have material effect on the daily operation of Dima.

In addition, as confirmed by Dima Group, there are covenants that have change of control or events of default clauses under certain existing loan facility agreements entered into between Dima Group and relevant financial institutions. Based on interviews with a majority of the relevant financial institutions that granted loan facilities to Dima Group (that have the aforementioned change of control or events of default clause in the relevant loan facility agreements), it was given to understand that (i) Dima Group has had a stable business relationship with such financial institutions; (ii) guarantee and/or pledge of securities were provided for such loan facilities; (iii) each of them was aware of the Doyen Debt Restructuring and possibility of change of control to the Possible New Dima Shareholder(s) when entering into the loan facility agreements, and were also aware of Dima's latest financial performance through Dima's announcements and/or through continuous communications with Dima's representatives; and (iv) repayment of such loan facilities have been paid in accordance with the repayment schedule as at the Latest Practicable Date. Such financial institutions confirmed in the interviews that (i) in the event that all or part of the Dima Preserved Shares were eventually disposed of for settlement of outstanding debt to the Possible New Dima Shareholder(s), they will first consider working with Dima Group to reach a beneficial solution to both parties before exercising their respective rights to accelerate the repayment of the relevant loans, thus the possibility of such financial institutions exercising their respective rights to accelerate the repayment of the loan immediately upon change of control would not be high; and (ii) such financial institutions were not aware of similar cases where a breach of such covenant would result in the early repayment of the existing loan. Furthermore, subsequent to the Track Record Period and up to the Latest Practicable Date, Dima Group had entered into six new loan facility agreements (four of which included the aforementioned covenant with change of control or events of default clause). Based on our communication with Dima Group, we understand that (i) Dima Group has not defaulted on any loan repayment over the years and has good credit rating among such financial institutions; and (ii) Dima Group is confident that they would be able to come to an agreement with the relevant financial institutions to resolve any concerns thereof regarding the change of control (such as by providing further guarantees and/or pledge of securities) so that even if the change of control materialised, the relevant financial institutions would not trigger event of default. Thus, our Directors are of the view that such covenants regarding change of control or events of default under certain existing loan facility agreements of Dima Group would not have any material impact (including financial impact) on the daily management and operations of Dima.

B. Possible impact on our Company

Impact on the matters relating to legal structure and corporate governance of our Company

Shareholding structure

Although Mr. Lo And His Associates held 42.16% shareholdings in Dima as at the Latest Practicable Date, they are not regarded as a group of Controlling Shareholders given that:

(i) they cannot unilaterally pass any ordinary or special resolution at the general meeting of Dima which requires a simple majority or not less than two-third of the votes casted by the shareholders attending the general meeting as discussed in detail under the sub-paragraph headed "A. Possible impact on Dima Group" above;

(ii) they cannot control the board of directors of Dima as they actually only nominated one out of seven of the directors and two out of three of the supervisors of Dima, who are still subject to election by the shareholders at general meetings of Dima as at the Latest Practicable Date. Even if Mr. Lo And His Associates exercised their nomination rights in Dima in full (i.e. entitlement of nominating up to two NINEDs and three independent directors of Dima), they would not be able to control either Dima's board of directors or Dima's shareholders' general meeting as discussed in detail under the sub-paragraph headed "A. Possible impact on Dima Group" above;

(iii) the director, being one NINED, and the two supervisors of Dima nominated by Mr. Lo And His Associates do not participate in the day-to-day management of Dima Group as discussed above. In addition, each of Ms. Luo Shaoying*Note* (sister of Mr. Lo and the chairman and an executive director of Dima), Ms. Peng Wenhong*Note* (cousin of Mr. Lo and an employee representative supervisor of Dima) and the directors and supervisor nominated by Mr. Lo And His Associates, confirmed that he/she has not taken, sought instructions from or influenced by Mr. Lo when performing his/her management role or when voting in directors or supervisor meetings of Dima during the Track Record Period;

(iv) except for Ms. Luo Shaoying and Ms. Peng Wenhong, each of the directors and supervisor who are not nominated by Mr. Lo And His Associates confirmed that he/she does not have any association, connection or other relationship with Mr. Lo And His Associates;

(v) to the best of the knowledge of our Directors, save as Ms. Luo Shaoying being the sister of Mr. Lo, Mr. Lo And His Associates do not have any relationship with other shareholders of Dima; and

(vi) Chongqing Doyen has never consolidated our financial information in its financial statements (e.g. for statutory tax or filing purposes to Chongqing Municipal Administration for Market Regulation* (重慶市市場監督管理局) and State Administration of Taxation Chongqing Municipal Taxation Bureau* (國家稅務總局重慶市稅務局).

Note: As at the Latest Practicable Date, (i) Ms. Luo Shaoying held 24,000,000 shares in Dima, representing approximately 0.94% of the total issued shares of Dima, and did not hold any Share in our Company; while Ms. Peng Wenhong and Mr. Huang Lijin (a director of Dima nominated by Mr. Lo And His Associates) did not hold any shares in either Dima or our Company.

Immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised), Tianjin Chengfang will directly own approximately 38.28% of the total issued share capital of our Company. Tianjin Chengfang is wholly owned by Dima Ruisheng, which is in turn wholly owned by Dima. Accordingly, Dima, Dima Ruisheng and Tianjin Chengfang are considered to be a group of Controlling Shareholders under the Listing Rules. Therefore, in the event all Dima Preserved Shares have to be disposed of to the Possible New Dima Shareholder(s), (a) only Dima, Dima Ruisheng and Tianjin Chengfang would have de facto control of our Company; (b) the Possible New Dima Shareholder(s), being shareholder of Dima, would not have de facto control of our Company; and (c) Controlling Shareholder (as defined under the Listing Rules) of our Company will not be changed. Also, there will be no effect on our Company's compliance with ownership continuity and lock-up undertaking requirements under Rules 8.05(1)(c) and 10.07 of the Listing Rules if the Dima Preserved Shares have to be disposed of for settlement of the outstanding debt or part thereof in relation to the Doyen Debt Restructuring, in light of the non-disposal undertakings given by our

Controlling Shareholders, including Dima (for further details, please refer to the section headed "Underwriting – Underwriting arrangements and expenses – Undertakings to the Stock Exchange pursuant to the Listing Rules – Undertakings by the Controlling Shareholders" in this prospectus).

Corporate actions

Pursuant to the Articles of Association, corporate actions require the passing of an ordinary or special resolution in the Shareholders' general meeting. For instance, an ordinary resolution is required to consider and approve the change of the purpose of raised funds of our Company and a special resolution is required to consider any spin-off, merger, dissolution or liquidation of our Company. As discussed in detail under the sub-paragraph headed "B. Possible impact on our Company – Impact on the matters relating to legal structure and corporate governance of our Company – Shareholding structure" above, the Possible New Dima Shareholder(s) would not have de facto control of our Company and the Possible New Dima Shareholder(s) would not, therefore, have material influence on our corporate actions.

In the event that the Possible New Dima Shareholder(s) replaces Mr. Lo And His Associates by taking up all Dima Preserved Shares, since the Possible New Dima Shareholder(s) would not be able to directly influence the decision making of the board of directors of Dima as aforementioned, our Directors are of the view that the Possible New Dima Shareholder(s) would not have material influence on how Dima shall vote in a Shareholders meeting of our Company in terms of any corporate action.

Board and composition thereof

Pursuant to the Articles of Association, Shareholders holding or in aggregate holding more than 5% of the total issued shares of our Company may propose to the Shareholders' general meeting the candidates for Directors. The appointment of a Director requires the approval of Shareholders by an ordinary resolution at Shareholders' general meeting. Voting by the cumulative voting right rules may be adopted upon approval by Shareholders in general meeting. As discussed in detail under the sub-paragraph headed "B. Possible impact on our Company – Impact on the matters relating to legal structure and corporate governance of our Company – Shareholding structure" above, the Possible New Dima Shareholder(s) would not have de facto control of our Company and the Possible New Dima Shareholder(s) would not, therefore, have material influence on the appointment of our Directors.

Our senior management is and will be appointed by our Board as stipulated in the Articles. Our General Manager and Co-Chief Executive Officer are nominated by our Board as stipulated in the Articles.

Since the establishment of our Company, Mr. Lo And His Associates have not participated in the management or operation of our Group. Although Ms. Luo Shaoying is an "associate" of Mr. Lo under the definition of Chapter 14A of the Listing Rule, it is confirmed by each of Mr. Lo and Ms. Luo that they are independent of each other when making business decisions and are acting for the benefit and in the best interests of the companies of which they are directors, respectively. We have also procured Ms. Luo to undertake to the Stock Exchange that she would not take, seek instructions from or be influenced by Mr. Lo And His Associates when performing her management role or when voting in Shareholders' meeting upon and after our Listing. Therefore, Mr. Lo And His Associates did not have the ability to exercise substantial influence on the nomination and election of our Directors and Supervisors via their interests in Dima. In the event that all Dima Preserved Shares are transferred to the Possible New Dima Shareholder(s), assuming there is no change in the shareholding of other shareholders of Dima, having considered that the Possible New Dima Shareholder(s) would not have any control in the board of directors of Dima as discussed above, the Possible New Dima Shareholder(s) cannot exercise substantial influence on the decision making of the board of directors of Dima. Accordingly, the Possible New Dima Shareholder(s) would not have the ability to exercise substantial influence on the nomination and election of our Directors, Supervisors, the general manager and senior management of our Company via his/her/its equity interests in Dima. Thus, the management of our Company would not be substantially affected by the Possible New Dima Shareholder(s).

Daily management and operations of our Company

The shares of Dima are listed on the Shanghai Stock Exchange and are freely tradable (save for the shares which are subject to encumbrances under the Judicial Preservation). Despite the possible changes in the shareholdings of Dima, including the acquisition or disposal of Dima's shares in the open market or, where all or part of the shareholdings held by Mr. Lo And His Associates are disposed of to the Possible New Dima Shareholder(s) for settlement of the outstanding debt or part thereof, as the Possible New Dima Shareholder(s) would not be able to approve any board or ordinary or special resolutions at the shareholders' general meeting solely by himself/herself/itself, by holding 42.16% shareholdings of Dima (please refer to the paragraph headed "Doyen Debt Restructuring – A. Possible impact on Dima Group" above), our Directors are of the view that (i) the board composition; (ii) the day-to-day business operation and management; and (iii) the financial performance of our main business lines as described in the section headed "Summary – Our business" would not likely be affected.

Moreover, the daily operation of our Group is mainly supervised by the senior management of our Group. None of the senior management of our Company (including the general manager) is an associate of Mr. Lo under the definition of Chapter 14A of the Listing Rules or is connected or has other relationship (including family, business, employment and financial relationship) with Mr. Lo And His Associates. No senior management of our Company (including the general manager) has taken, sought instructions from, or was influenced by Mr. Lo And His Associates when performing his/her management role during the Track Record Period. As such, Mr. Lo And His Associates has not participated in the management or daily operations of our Company.

In addition, with regards to our Company's daily management and operation, (i) our Board oversees our Company's corporate governance committees (including but not limited to (a) the audit committee; (b) the compensation and evaluation committee; and (c) the investment decision committee); and (ii) the management of our Company ultimately reports to our Board (on matters including but not limited to the operation of our Group's business units, our Group's investment, our Group's human resources, and other day-to-day management). Due to the aforementioned, as our Group's working level staff would need to report to their managers, who would in turn report to our Board, our Board would essentially make the day-to-day operating decisions of our Group. As such, the main authority to make our Company's decisions, such as the hiring of staff, investment of our Group and daily operations of our Group's business units, would not be Mr. Lo And His Associates (as they do not have de facto control of our Board (please refer to the sub-paragraph headed ″Board and composition thereof″ above for further details)). Based on this, Mr. Lo And His Associates would not be able to control our Company with regards to our daily management and operations.

Furthermore, due to (i) the reasons set out under the paragraph headed " A. Possible impact on Dima Group" above that Dima Group is operating separately from Mr. Lo And His Associates, and Doyen Group, and Mr. Lo And His Associates are not regarded as a group of Controlling Shareholders under the Listing Rules; (ii) only Doyen Group experienced financial difficulties; (iii) to the best of our Directors' knowledge and belief, Dima Group's operation is not affected by the financial difficulties of Doyen Group; and (iv) there was no default in loan and debt payment by Dima Group according to its public announcements or media reports up to the Latest Practicable Date, our Directors are of the view, and the Sole Sponsor concurs, the financial difficulties of Doyen Group would not affect the project pipeline of our Group in a material respect.

In addition, as our Group was not subject to any loan facility agreements as at the Latest Practicable Date, the daily management and operation of our Company would not be affected by any loan covenants that have change of control or events of default clauses similar to that of Dima Group as disclosed in the paragraph headed "A. Possible impact on Dima Group – Daily management and operations of Dima" above.

Overall impact

Based on the aforementioned assumption and analysis, should all Dima Preserved Shares be transferred to the Possible New Dima Shareholder(s), the Possible New Dima Shareholder(s) would not be able to exert substantial influence on Dima as well as our Company on both board and shareholders level, and daily operation thereof.

NON-COMPETITION

Non-competition Undertaking

Each of our Controlling Shareholders has confirmed that none of them is engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business. To protect our Group from any potential competition, our Controlling Shareholders have given the irrevocable Non-competition Undertaking in favour of our Company (for itself and for the benefits of its subsidiaries) on 20 February 2021 pursuant to which each of our Controlling Shareholders has, among other matters, irrevocably and unconditionally undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), each of our Controlling Shareholders shall, and shall procure that their respective associates and/or companies controlled by them (other than our Group):

(i) not, directly or indirectly, be interested or involved or carry on or concern with or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to providing property management services, community value-added services and value-added services to non-property owners) in the PRC and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on business mentioned above from time to time (the "**Restricted Activity**");

(ii) not procure or induce any customer, supplier or business partner to terminate its business activities with our Group;

(iii) not solicit any existing employee of our Group for employment by it/him/her or its/his/her associates (excluding our Group);

(iv) not, without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to its/his/her knowledge in its capacity as our Controlling Shareholder or as director of our Controlling Shareholder for any purpose of engaging, investing or participating in any Restricted Activity;

(v) if there is any property project or new business opportunity that relates to the Restricted Activity, refer such property project or new business opportunity to our Group for consideration;

(vi) not invest or participate in or carry on any property project or business opportunity of the Restricted Activity; and

(vii) procure its associates (excluding our Group) not to invest or participate in any property project or business opportunity of the Restricted Activity, unless pursuant to the exception set out below.

The above undertakings (i) to (vii) are subject to the exception that any of the associates of our Controlling Shareholders (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Activity or any project or business opportunity, regardless of value, which has been offered or made available to our Group, provided always that information about the principal terms thereof has been disclosed to our Company and our Directors, and our Company shall have, after review and approval by our Directors (including our independent non-executive Directors without the attendance by any Director with beneficial interest in such property project or business opportunities at the meeting, in which resolutions have been duly passed by the majority of our independent non-executive Directors), confirmed its rejection to be involved or engaged in, or to participate in or carry on, the relevant property project or business opportunity that related to the Restricted Activity and provided also that the principal terms on which that relevant associate of our Controlling Shareholders invests, participates or engages in the property project or business opportunity that related to the Restricted Activity are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if the relevant associate of our Controlling Shareholders decides to be involved, engaged, or participate in the relevant property project or business opportunity that related to the Restricted Activity, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as practicable.

Each of our Controlling Shareholders has unconditionally and irrevocably undertaken to us that in the event that it or its associate(s) (other than any member of our Group) (the "**Offeror**") is given or identified or offered any business investment or commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Activity (the "**New Opportunities**"), it will and will procure its associate(s) to refer the New Opportunities to us as soon as practicable in the following manner:

(i) each of our Controlling Shareholders is required to, and shall procure its/his/her associates (other than members of our Group) to, refer, or to procure the referral of, the New Opportunities to us, and shall give written notice to us of any New Opportunities containing all information reasonably necessary for us to consider whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of our Group to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the "**Offer Notice**"); and

(ii) the Offeror will be entitled to pursue the New Opportunities only if (a) the Offeror has received a notice from us declining the New Opportunities and confirming that such New Opportunities would not constitute competition with the Restricted Activity, or (b) the Offeror has not received such notice from us within 10 business days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to us in the manner as set out above.

Upon receipt of the Offer Notice, we will seek opinions and decisions from our independent non-executive Directors who do not have a material interest in the manner as to whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of us and our Shareholders as a whole to pursue the New Opportunities.

The Non-competition Undertaking is conditional on (i) the Stock Exchange granting listing of, and permission to deal in, all H Shares in issue and to be issued under the Global Offering and H Shares which may be issued upon the exercise of the Over-allotment Option; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant as a result of the waiver of any condition(s) by the Underwriters) and that the Underwriting Agreements not being terminated in accordance with its terms or otherwise.

For the above purpose, the "**Relevant Period**" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

(i) the date on which our Controlling Shareholders and their associates, individually or taken as a whole, ceases to hold 30% or more interest in our Company; and

(ii) the date on which our Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

Under the Non-competition Undertaking, each of our Controlling Shareholders has undertaken to our Group to allow our Directors, their respective representatives and the auditors of our Group to have sufficient access to the records of each of our Controlling Shareholders and their respective associates to ensure compliance with the terms and conditions of the Non-competition Undertaking.

Each of our Controlling Shareholders has undertaken under the Non-competition Undertaking that it shall provide to us and our Directors from time to time (including our independent non-executive Directors) with all information necessary for the annual review by our independent non-executive Directors with regard to compliance of the terms of the Non-competition Undertaking by our Controlling Shareholders and the enforcement of the Non-competition Undertaking. Each of our Controlling Shareholders has also undertaken to make an annual declaration as to compliance with the terms of the Non-competition Undertaking in our annual report.

CORPORATE GOVERNANCE MEASURES

In order to properly manage any potential or actual conflict of interest between us and our Controlling Shareholders in relation to compliance and enforcement of the Non-competition Undertaking, we have adopted the following corporate governance measures:

(i) our independent non-executive Directors shall review, at least on an annual basis, compliance and enforcement of the terms of the Non-competition Undertaking by our Controlling Shareholders;

(ii) our Controlling Shareholders shall provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Non-competition Undertaking;

(iii) we will disclose any decisions and related basis of matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Non-competition Undertaking either through our annual report or by way of announcement;

(iv) we will disclose in the corporate governance report of our annual report on how the terms of the Non-competition Undertaking have been complied with and enforced;

(v) our Directors will comply with the Articles of Association which require the interested Director not to vote (nor be counted in the quorum) on any Board resolution approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested;

(vi) our Directors (including our independent non-executive Directors), will be entitled to seek independent professional advice from external parties in appropriate circumstances at our Company's expenses;

(vii) in the event that any of our Directors and/or their respective close associates has material interest in any matter to be deliberated by our Board in relation to compliance and enforcement of the Non-competition Undertaking, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles;

(viii) our Company will monitor potential or proposed transaction between our Group and our connected persons, and ensure compliance with Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements;

(ix) our Company has appointed Guotai Junan Capital Limited as its compliance adviser to provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to directors' duties and internal control;

(x) our Audit Committee will conduct a review on the effectiveness of the above internal control measures on an annual basis; and

(xi) in case where our Directors also hold positions in Dima Group, our Nomination Committee will from time to time review their independence in terms of performing their duties as our Directors to ensure the effective management of conflict of interest.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as at the Latest Practicable Date and immediately following completion of the Global Offering (but without taking into account H Shares to be issued pursuant to the exercise of the Over-allotment Option), the following persons will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of members of our Group:

Interest in our Company

			As at the Latest Practicable Date		Immediately following completion of the Global Offering	
Name of Shareholder	**Class of Shares held after the Global Offering**	**Nature of interest**	**Number of Shares held**	**Approximate shareholding percentage in our Company** (%)	**Approximate shareholding percentage in the relevant class** *(Note 1)* (%)	**Approximate shareholding percentage in the total issued share capital of our Company** *(Note 2)* (%)
Tianjin Chengfang	Domestic Shares	Beneficial owner	25,520,000	51.04	83.64	38.28
Dima Ruisheng	Domestic Shares	Interest in a controlled corporation *(Note 3)*	25,520,000	51.04	83.64	38.28
Dima	Domestic Shares	Interest in a controlled corporation *(Note 3)*	25,520,000	51.04	83.64	38.28
Chongqing Doyen	Domestic Shares	Interest in a controlled corporation *(Note 3)*	25,520,000	51.04	83.64	38.28
Mr. Lo	Domestic Shares	Interest in a controlled corporation *(Note 3)*	25,520,000	51.04	83.64	38.28
Ms. Zhao	Domestic Shares	Interest of spouse *(Note 4)*	25,520,000	51.04	83.64	38.28

Name of Shareholder	Class of Shares held after the Global Offering	Nature of interest	As at the Latest Practicable Date: Number of Shares held	As at the Latest Practicable Date: Approximate shareholding percentage in our Company (%)	Immediately following completion of the Global Offering: Approximate shareholding percentage in the relevant class *(Note 1)* (%)	Immediately following completion of the Global Offering: Approximate shareholding percentage in the total issued share capital of our Company *(Note 2)* (%)
Tianjin Partnership	Domestic Shares	Beneficial owner	4,990,000	9.98	16.36	7.48
Mr. Fan Dong	Domestic Shares	Interest in a controlled corporation *(Note 5)*	4,990,000	9.98	16.36	7.48
Ms. Xia Qing	Domestic Shares	Interest of spouse (*Note 6*)	4,990,000	9.98	16.36	7.48
Mr. Fan Ziming	Domestic Shares	Interest of child under 18 years of age (*Note 7*)	4,990,000	9.98	16.36	7.48
Mr. Liu Xing	Domestic Shares	Interest in a controlled corporation *(Note 5)*	4,990,000	9.98	16.36	7.48
Ms. Ma Xuemei	Domestic Shares	Interest of spouse (*Note 8*)	4,990,000	9.98	16.36	7.48
Mr. Li Changlin	Domestic Shares	Interest of child under 18 years of age (*Note 9*)	4,990,000	9.98	16.36	7.48
Kingdom Vast	Unlisted Foreign Shares	Beneficial owner	12,705,000	25.41	65.19	19.06
RAF Capital Group Limited	Unlisted Foreign Shares	Interest in a controlled corporation *(Note 10)*	12,705,000	25.41	65.19	19.06

			As at the Latest Practicable Date		Immediately following completion of the Global Offering	
Name of Shareholder	**Class of Shares held after the Global Offering**	**Nature of interest**	**Number of Shares held**	**Approximate shareholding percentage in our Company** (%)	**Approximate shareholding percentage in the relevant class** *(Note 1)* (%)	**Approximate shareholding percentage in the total issued share capital of our Company** *(Note 2)* (%)
Mr. Wang Hao	Unlisted Foreign Shares	Interest in a controlled corporation *(Note 10)*	12,705,000	25.41	65.19	19.06
Ms. Zhang Xiangnong	Unlisted Foreign Shares	Interest of spouse (*Note 11*)	12,705,000	25.41	65.19	19.06
Mr. Wang Yunchu	Unlisted Foreign Shares	Interest of child under 18 years of age (*Note 12*)	12,705,000	25.41	65.19	19.06
Harvest Property	Unlisted Foreign Shares	Beneficial owner *(Note 13)*	6,785,000	13.57	34.81	10.18

Notes:

1. The calculation is based on 30,510,000 Domestic Shares and 19,490,000 Unlisted Foreign Shares in issue immediately following completion of the Global Offering and assuming Over-allotment Option is not exercised at all.

2. The calculation is based on the total number of 66,666,667 Shares in issue immediately following completion of the Global Offering and assuming Over-allotment Option is not exercised at all.

3. Tianjin Chengfang was wholly-owned by Dima Ruisheng which was in turn wholly-owned by Dima as at the Latest Practicable Date. As at the Latest Practicable Date, Dima was an A-share company listed on the Shanghai Stock Exchange and was owned by Chongqing Doyen and Chongqing Shuorun as to approximately 34.76% and 2.94% respectively. Chongqing Shuorun was owned by Chongqing Doyen and Ms. Zhao as to approximately 98.96% and 1.04% respectively, while Chongqing Doyen was owned by Mr. Lo and Ms. Zhao as to approximately 77.78% and 22.22% respectively. By virtue of the SFO, each of Mr. Lo, Chongqing Doyen, Dima and Dima Ruisheng are deemed to be interested in all the Shares held by Tianjin Chengfang.

4. Ms. Zhao is the spouse of Mr. Lo. By virtue of the SFO, Ms. Zhao is deemed to be interested in all the Shares held by Mr. Lo.

5. Tianjin Partnership was owned by Mr. Fan Dong and Mr. Liu Xing as to approximately 52.74% and 37.18%, respectively. By the virtue of SFO, each of Mr. Fan Dong and Mr. Liu Xing is deemed to be interested in all the Shares held by Tianjin Partnership.

6. Ms. Xia Qing is the spouse of Mr. Fan Dong. By virtue of the SFO, Ms. Xia Qing is deemed to be interested in all the Shares held by Mr. Fan Dong.

7. Mr. Fan Ziming is the son of Mr. Fan Dong and is aged under 18. By virtue of the SFO, Mr. Fan Ziming is deemed to be interested in all the Shares held by Mr. Fan Dong.

8. Ms. Ma Xuemei is the spouse of Mr. Liu Xing. By virtue of the SFO, Ms. Ma Xuemei is deemed to be interested in all the Shares held by Mr. Liu Xing.

9. Mr. Li Changlin is the son of Mr. Liu Xing and is aged under 18. By virtue of the SFO, Mr. Li Changlin is deemed to be interested in all the Shares held by Mr. Liu Xing.

10. Kingdom Vast was wholly-owned by RAF Capital Group Limited, which was in turn was wholly-owned by Mr. Wang Hao as at the Latest Practicable Date. By virtue of the SFO, each of RAF Capital Group Limited and Mr. Wang Hao is deemed to be interested in all the Shares held by Kingdom Vast.

11. Ms. Zhang Xiangnong is the spouse of Mr. Wang Hao. By virtue of the SFO, Ms. Zhang Xiangnong is deemed to be interested in all the Shares held by Mr. Wang Hao.

12. Mr. Wang Yunchu is the son of Mr. Wang Hao and is aged under 18. By virtue of the SFO, Mr. Wang Yunchu is deemed to be interested in all the Shares held by Mr. Wang Hao.

13. Each of (i) Harvest International Premium Value (Alternative Investments) Fund SPC (being the sole shareholder of Harvest Property); (ii) Harvest Global Capital Investments Limited (being the sole shareholder of Harvest International Premium Value (Alternative Investments) Fund SPC); (iii) Harvest Alternative Investment Group Limited (being the sole shareholder of Harvest Global Capital Investments Limited); (iv) Harvest Global Investments Limited (being the sole shareholder of Harvest Alternative Investment Group Limited); (v) Harvest Fund Management Co., Ltd.* (嘉實基金管理有限公司) (being the sole shareholder of Harvest Global Investments Limited); and (vi) Zhongcheng Trust Co., Ltd.* (中誠信託有限公司) (being the equity holder of 40% of equity interest in Harvest Fund Management Co., Ltd.* (嘉實基金管理有限公司) is deemed to be interested in all the Shares held by Harvest Property by virtue of the SFO.

Save as disclosed in the paragraph headed "Substantial shareholders – Interest in our Company" in this section above, our Directors are not aware of any other persons who will, immediately following completion of the Global Offering (assuming Over-allotment Option is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange (as the case may be) under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries.

Save as disclosed in the section headed "Relationship with our Controlling Shareholders – Doyen Debt Restructuring" in this prospectus regarding the Doyen Debt Restructuring, we are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

Our Group has entered into a number of agreements with parties who will, upon completion of 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 Listing.

(A) CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Trademark licensing

On 25 December 2020, a trademark license agreement was entered into between our Company and Dongyuan Real Estate (the "**Trademark License Agreement**"), pursuant to which Dongyuan Real Estate agreed to irrevocably and unconditionally grant to our Company a non-transferable and non-exclusive license to use certain trademarks registered in the PRC from the date of the Trademark License Agreement to the expiration dates of the trademarks (including the renewal period of such trademarks) on a royalty-free basis. Subject to the negotiations between the parties thereto, the Trademark License Agreement will terminate upon expiry of the relevant trademarks, the registration of the relevant trademarks being revoked, an occurrence of material breach by any party to the Trademark License Agreement without rectification taking place within one month, or the declaration of such agreement to be legally ineffective by any court or arbitrary organisation. For a full list and details of the licensed trademarks, please refer to the section headed "Further information about the business of our Company – 8. Intellectual property rights of our Group" in Appendix VI to this prospectus.

We believe that the entering into the Trademark License Agreement with a term more than three years can ensure the stability of our operations, and is beneficial to us and our Shareholders as a whole. The Sole Sponsor is of the view that it is normal business practice for agreements of this type to be of such duration.

As at the Latest Practicable Date, Dongyuan Real Estate, as the registered proprietor of the licensed trademarks, was a non-wholly-owned subsidiary of Dima, one of our Controlling Shareholders. Each of Dongyuan Real Estate and Dima is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transaction contemplated under the Trademark License Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use the licensed trademarks is granted to our Group on a royalty-free basis, the transaction contemplated under the Trademark License Agreement 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.

(B) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Property management services

On 10 March 2021, our Company entered into a master property management service agreement (the "**Master Property Management Service Agreement**") with Dima Group, pursuant to which our Group agreed to provide to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) property management services from the Listing Date to 31 December 2023.

The property management fees to be charged pursuant to the Master Property Management Service Agreement shall be determined after arms' length negotiations with the prevailing market price (taking into account of the location of the property projects, the expected operational costs (including, among others, labour costs, material costs and administrative costs)), historical transaction amounts and the prices charged by our Group for providing comparable services to Independent Third Parties. The property management fees shall be on normal commercial terms, and at prices no more favourable than those provided to our customers who are Independent Third Parties. Since the Master Property Management Service Agreement is a framework agreement, such agreement does not specify any repayment terms. In general, Dima Group and Affiliated Companies are required to settle property management service fees before the 10th to 15th day of each month, determined on a case-by-case basis. In general, Dima Group and Affiliated Companies settled the property management fees on a monthly basis, with the previous month's property management fees settled in the following month. For details, please refer to the section headed "Business – Customers and suppliers – Customers" in this prospectus.

During the Track Record Period, the total property management fees payable to our Group by Dima Group and Affiliated Companies amounted to approximately RMB16.9 million, RMB37.5 million and RMB43.5 million, respectively.

It is estimated that the maximum amounts of property management fees payable to our Group in relation to the transaction contemplated under the Master Property Management Service Agreement for each of the two years ending 31 December 2023 will not exceed RMB65.5 million and RMB87.1 million, respectively. Such annual cap was based on, among others, the estimated property management fees to be collected from unsold or vacant property units, which is calculated by the area of unsold or vacant property units, property management fees per sq. m. and the length of vacant period. It is estimated that there will be a total of approximately 65 property projects with GFA under management of approximately 10 million sq.m. to be delivered by Dima Group for the two years ending 31 December 2023. Given the increase in the number of property projects to be delivered by Dima Group for the two years ending 31 December 2023, it is expected that the property management fees to be charged to unsold or vacant property units of Dima Group will also increase. Together with the accumulative revenue contribution brought by property management projects entered into in previous years, the year-on-year increase in such annual caps are approximately 26% and 33% for the two years ending 31 December 2023 which is in-line with the expected growth of the property management services to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) after considering the factors below. The original maximum property management fees payable to our Group by Dima Group and Affiliated Companies in relation to the transaction contemplated under the Master Property Management Service Agreement for the year ended 31 December 2021 was RMB52.1 million. Eventually, the total property management fees payable to our Company by Dima Group and Affiliated Companies amounted to approximately RMB43.5 million. The shortfall of approximately RMB8.6 million (being the difference between the 2021 annual cap of approximately RMB52.1 million and the actual amount of approximately RMB43.5 million) serves as a buffer to provide our Company with leeway and flexibility for our management of the collection of property management fees from Dima Group and Affiliates Companies, and thus, certain buffer has also been included in the annual caps of the years ending 31 December 2022 and 2023.

The expected increase in the annual caps for the provision of property management service to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) as compared to the historical transaction amounts for the Track Record Period is mainly due to the increase in the number of the property management service agreements entered into with Dima Group and Affiliated Companies during the Track Record Period, the expected increase in demand for property management services from Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules), taking into account the latest operating performance of Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) and their development plans.

In determining the above annual caps, our Directors have considered the following factors that are considered to be reasonable and fair in the relevant circumstances:

- the historical transaction amounts during the Track Record Period;
- the estimated transaction amount for the two years ending 31 December 2023 based on our existing signed property management service agreements with the Dima Group. As at 31 December 2021, we are contracted to manage 123 property projects sourced from Dima Group and Affiliated Companies with a total contracted GFA of approximately 20.7 million sq.m.;
- the costs incurred for the related services during the Track Record Period;

- the estimated size and number of property projects to be delivered by Dima Group for the two years ending 31 December 2023, which is based on the total construction area and land bank held by Dima Group as at 31 December 2020. According to the annual report of Dima Group for the year ended 31 December 2020, Dima Group had land bank and total planned construction area of approximately 3.8 million sq.m. and 17.6 million sq.m., respectively, as at 31 December 2020. As at 30 September 2021, Dima Group had land bank and total planned construction area of approximately 3.2 million sq.m. and 20.9 million sq.m., respectively;

- the proportion of property projects developed by Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) which were managed by us, and our estimated operation capacity for the two years ending 31 December 2023; and

- the estimated monthly property management fees to be charged in respect of residential and non-residential properties sourced from Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules), which are assumed to remain the same as the average monthly property management fees charged for the year ended 31 December 2020.

2. Provision of sales assistance services and other value-added services

On 10 March 2021, our Company entered into a master sales assistance and other value-added services agreement (the "**Master Value-added Services Agreement**") with Dima Group, pursuant to which our Group agreed to provide value-added services, including, among others, sales assistance services ("**Sales Assistance Services**"), pre-delivery consultancy and inspection services ("**Preliminary Planning Services**") to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) from the Listing Date to 31 December 2023.

The following table sets out details of the transaction description, historical transaction amounts, annual caps on future transaction amount and Listing Rules implications for each of the services set out in the Master Value-added Services Agreement:

	Sales Assistance Services	Preliminary Planning Services
Transaction description	Assisting in property sales activities, which include visitor reception, cleaning, security inspection, maintenance and other customer-related services.	Providing advisory services on the overall project design and planning and coordination of pre-sale activities.
Payment terms	Since the Master Value-added Services Agreement is a framework agreement, such agreement does not specify any repayment terms. In general, Dima Group and Affiliated Companies are required to settle the relevant service fees before the 10th to 15th day of each month or within one month, determined on a case-by-case basis. In general, Dima Group and Affiliated Companies settled the relevant service fees in accordance with the specific work progress and completion time of the relevant services. For details, please refer to the section headed "Business – Customers and suppliers – Customers" in this prospectus.	
Basis of determination of future annual caps	Determined by taking into account of the prevailing market prices for similar services in the open market and the historical charging rates during the Track Record Period after negotiations on an arm's length basis. The relevant service fee shall be on normal commercial terms, and at prices no more favourable than those provided to our customers who are Independent Third Parties.	

Historical transaction amounts	**Year ended 31 December**		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
	122,136	194,331	217,798

Annual caps on future transaction	**Year ending 31 December**	
	2022	**2023**
	RMB'000	*RMB'000*
	245,700	298,200

	Sales Assistance Services	Preliminary Planning Services
Factors taken into account for determining above annual caps	• the historical transaction amounts during the Track Record Period; • the total construction area of Dima Group increased at a CAGR of approximately 16.0% from 2018 to 2020. As at 31 December 2020, Dima Group's total planned construction area was approximately 17.6 million sq.m.; and • the expected increase in the number of the property projects for the two years ending 31 December 2023, with reference to (a) the growth rate of the historical transactions amounts; and (b) the business development plan of Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) and our Group's estimation on the number of new property projects of Dima Group. The year-on-year percentage change in relation to such annual caps are approximately 13% and 21% for the two years ending 31 December 2023. Such increment for 2022 and 2023 was in-line with the increase in the total number of service agreements entered into with Dima Group and Affiliate Companies during the Track Record Period and the expected increase in the number of service agreements to be entered into in relation to the Preliminary Planning Services and Sales Assistance Services. The annual cap for Sales Assistance Services was calculated from the number of existing property projects to which we offered Sales Assistance Services, the expected number of new property projects of Dima Group and the expected Sales Assistance Services contract sum for new property projects with reference to the existing agreements regarding the provision of Sales Assistance Services. The annual cap for Preliminary Planning Services was calculated from the number of property projects developed and delivered by Dima Group and Affiliated Companies, the expected number of property projects to be developed and delivered by Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) and the expected contract sum for Preliminary Planning Services with reference to the existing agreements regarding the provision of Preliminary Planning Services. It is estimated that there will be a total of approximately 65 property projects with GFA under management of approximately 10 million sq.m. to be delivered by Dima Group for the two years ending 31 December 2023. Since there is an increase in the number of property projects to be delivered by Dima Group, the annual cap for both Sales Assistance Services and Preliminary Planning Services increases for the two years ending 31 December 2023.	

3. Provision of community value-added services

On 10 March 2021, our Company entered into a master community value-added services agreement (the "**Master Community Value-added Services Agreement**") with Dima Group, pursuant to which our Group agreed to provide community value-added services, including car parking spaces management and car parking spaces and property sales services ("**Management and Agency Services**"), community events planning services ("**Community Events Planning Services**") and other community value-added services to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) from the Listing Date to 31 December 2023.

The following table sets out details of the transaction description, historical transaction amounts, annual caps on future transaction amount and Listing Rules implications for each of the services set out in the Master Community Value-added Services Agreement:

	Management and Agency Services	Community Events Planning Services and other community value-added services
Transaction description	Providing (i) car parking spaces management services, including but not limited to, entry or exit control, cleaning, surveillance and collection of parking fees; and (ii) car parking spaces and property sales services, including but not limited to, providing marketing and sales services for car parking spaces and property located at property projects sourced from Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules).	Organising events for residents and property developers.
Payment terms	Since the Master Community Value-added Services Agreement is a framework agreement, such agreement does not specify any repayment terms. In general, Dima Group and Affiliated Companies are required to settle the relevant service fees within 10 to 30 working days from the invoice date, determined on a case-by-case basis. In general, Dima Group and Affiliated Companies settled the relevant service fees on a monthly or quarterly basis. For details, please refer to the section headed "Business – Customers and suppliers – Customers" in this prospectus.	

	Management and Agency Services	**Community Events Planning Services and other community value-added services**
Basis of determination of future annual caps	Determined by taking into account of the prevailing market prices for similar services in the open market (taking into account of the location and the conditions of the carparks and the anticipated operational costs, including labour costs) and the historical charging rates during the Track Record Period after negotiations on an arm's length basis. The relevant service fee shall be on normal commercial terms, and at prices no more favourable than those provided to our customers who are Independent Third Parties.	Determined by taking into account of the prevailing market prices for similar services in the open market and the historical charging rates during the Track Record Period after negotiations on an arm's length basis. The relevant service fee shall be on normal commercial terms, and at prices no more favourable than those provided to our customers who are Independent Third Parties.

Historical transaction amounts	**Year ended 31 December**		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
	72,032	85,658	113,651

Annual caps on future transaction	**Year ending 31 December**	
	2022	**2023**
	RMB'000	*RMB'000*
	122,130	132,770

Factors taken into account for determining above annual caps	• the historical transaction amounts during the Track Record Period; and	• the historical transaction amounts during the Track Record Period; and

Management and Agency Services	Community Events Planning Services and other community value-added services
• the expected increase in the number of the car parking spaces to be developed by Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules), and managed by and sold through the assistance of our Group for the two years ending 31 December 2023 based on the future development plan of Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules).	• the expected annual increase in the charging rates for our Community Events Planning Services and other community value-added services with reference to our charging rates during the Track Record Period and the expected increase in the relevant cost and market price for such services, taking into account, among others, of the increase in the labour cost for the relevant services in the forthcoming years.

The year-on-year percentage change in relation to such annual caps are approximately 7% and 9% for the two years ending 31 December 2023. Such increment was in-line with the increase in the total number of service agreements entered into with Dima Group and Affiliate Companies during the Track Record Period and the expected increase in the number of service agreements to be entered into in relation to the Management and Agency Services.

The annual cap for car parking space management services was calculated from the number of vacant car parking spaces, car parking space management fees per unit and the length of vacant period. It is estimated that there will be a total of approximately 65 property projects with GFA under management of approximately 10 million sq.m. to be delivered by Dima Group for the two years ending 31 December 2023. The increase in the annual cap for car parking space management services for the two years ending 31 December 2023 is in-line with the increase in the number of property projects to be delivered by Dima Group.

The annual cap for car parking spaces and property sales services was calculated from the expected sales volume and the commission rate. It is expected that there will be a total of 79 new car parking spaces located at property projects sourced from Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) that would engage us to provide sales services for the two years ending 31 December 2023. The increase in the annual cap for car parking spaces and property sales services for the two years ending 31 December 2023 is in-line with the increase in the number of car parking spaces and properties located at property projects sourced from Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules).

The annual cap for Community Events Planning Services and other community value-added services was calculated from the number of property projects developed by Dima Group and Affiliated Companies, estimated number of property projects to be developed by Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) and estimated contract sum for Community Events Planning Services and other community value-added services with reference to existing contracts in relation to the same services. It is estimated that there will be a total of approximately 65 property projects with GFA under management of approximately 10 million sq.m. to be delivered by Dima Group for the two years ending 31 December 2023. The increase in the annual cap for Community Events Planning Services and other community value-added services for the two years ending 31 December 2023 is in-line with the increase in the number of property projects to be delivered by Dima Group.

Listing Rules implications of the Master Property Management Service Agreement, the Master Value-added Services Agreement and the Master Community Value-added Services Agreement

Dima is a one of our Controlling Shareholders and therefore Dima is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under each of the Master Property Management Service Agreement, the Master Value-added Services Agreement and the Master Community Value-added Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

On an individual basis, each of the applicable percentage ratios under the Listing Rules in respect of the highest annual caps under each of the Master Property Management Service Agreement, the Master Value-added Services Agreement and the Master Community Value-added Services Agreement are more than 5%.

In addition, as (i) the parties under each of the Master Property Management Service Agreement, the Master Value-added Services Agreement and the Master Community Value-added Services Agreement are the same; (ii) all subject matters, in respect of the transactions contemplated under such agreements cover, among other things, property management services to be provided by us to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules); and (iii) the agreements are entered into within the same 12-month period, the transactions under such agreements shall be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules. As such, the aggregated annual caps in respect the above transactions for the two years ending 31 December 2023 are approximately RMB433.3 million and RMB518.1 million, respectively. As the applicable percentage ratios under the Listing Rules (other than the profits ratio) in respect of the highest annual cap for the aggregated transactions above are more than 5%, the transactions contemplated under the Master Property Management Service Agreement, the Master Value-added Services Agreement and the Master Community Value-added Services Agreement are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

Pursuant to the Listing Rules, the transactions described in the paragraph headed "(B) Continuing connected transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" in this section above constitute our continuing connected transactions that are subject to reporting, annual review, announcement and independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

In respect of these continuing connected transactions, we have applied and the Stock Exchange has granted in accordance with Rule 14A.105 of the Listing rules, waivers exempting us from strict compliance with announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as described under the paragraph headed "(B) Continuing connected transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" in this section above, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set out in the respective annual caps (as stated above).

If any terms of the transactions contemplated under the abovementioned agreements are altered or if our Company enters into any new agreements with any connected persons in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

OUR DIRECTORS' VIEW

Our Directors (including the independent non-executive Directors) consider that it is in the interests of our Group to continue with all the continuing connected transactions described in this section after Listing, and all these transactions are conducted on normal commercial terms or better, are entered into in the ordinary and usual course of business of our Group, and their terms are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Our Directors (including the independent non-executive Directors) are also of the view that the proposed annual caps of the continuing connected transactions as described above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that (i) the continuing connected transactions as described in the paragraph headed "(B) Continuing connected transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" in this section above have been entered into in the ordinary and usual course of our business, on normal commercial terms, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

This section presents certain information regarding our share capital prior to and following completion of the Global Offering:

BEFORE THE GLOBAL OFFERING

As at the Latest Practicable Date, our registered capital and issued share capital was RMB50,000,000, divided into 50,000,000 Shares with a nominal value of RMB1.00 each, comprised 30,510,000 Domestic Shares and 19,490,000 Unlisted Foreign Shares.

On 11 October 2021, we obtained the CSRC approval for the issue of not more than 19,166,667 H Shares with a nominal value of RMB1.00 each under the Global Offering. As a result, upon Listing, a total of 66,666,667 Shares with nominal value of RMB1.00 each will be in issue upon Listing before the Over-allotment Option is fully exercised.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised, our registered capital and issued share capital will be as follows:

Number of Shares	**Description of Shares**	**Approximate percentage of issued share capital**
30,510,000	Domestic Shares in issue(1)	46%
19,490,000	Unlisted Foreign Shares in issue(2)	29%
16,666,667	H Shares to be issued by our Company under the Global Offering	25.0%
66,666,667	Total	100.0%

Immediately upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised, our registered capital and issued share capital will be as follows:

Number of Shares	Description of Shares	Approximate percentage of issued share capital
30,510,000	Domestic Shares in issue[(1)]	44.1%
19,490,000	Unlisted Foreign Shares in issue[(2)]	28.2%
19,166,667	H Shares to be issued by our Company under the Global Offering	27.7%
69,166,667	Total	100.00%

Notes:

1. These Domestic Shares are held by existing Shareholders, namely Tianjin Chengfang and Tianjin Partnership, and can be converted into H Shares. Please refer to the paragraph headed "Conversion of unlisted Shares into H Shares" in this section below.

2. These Unlisted Foreign Shares are held by an existing Shareholders, namely Kingdom Vast and Harvest Property, and can be converted into H Shares. Please refer to the paragraph headed "Conversion of unlisted Shares into H Shares" in this section below.

ASSUMPTIONS

This table assumes the Global Offering has become unconditional and the issue of Shares pursuant thereto is made as described herein.

The minimum level of public float to be maintained by our Company after Listing is 25% of the issued capital of our Company.

OUR SHARES

Upon completion of the Global Offering, we would have three classes of Shares: Domestic Shares, Unlisted Foreign Shares and H Shares. Domestic Shares, Unlisted Foreign Shares and H Shares are ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and transferred in RMB. Unlisted Foreign Shares can be subscribed for and traded in any foreign currency except for RMB. Apart from certain qualified domestic institutional investors in the PRC as well as certain PRC qualified investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Domestic Shares can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors. Unlisted Foreign Shares can be subscribed for by and traded between non-Chinese legal or non-Chinese natural persons only. We must pay all dividends in respect of H Shares in Hong Kong dollars, all dividends in respect of Domestic Shares in Renminbi and all dividends in respect of all Unlisted Foreign Shares in foreign currency except RMB.

As at the date of this prospectus, the Domestic Shares and Unlisted Foreign Shares are unlisted Shares which are not listed or traded on any stock exchange. Upon completion of the Global Offering, all unlisted Shares will be Domestic Shares and Unlisted Foreign Shares held by our existing four Shareholders. The term "unlisted Shares" is used to describe whether certain Shares are listed on a stock exchange and is not unique to the PRC laws. Given the above, our PRC Legal Advisers, has advised us that the use of the term "unlisted Shares" in the Articles of Association does not contravene, and is not inconsistent with, any PRC law or regulation (including the Special Regulations and Mandatory Provisions).

Our promoters, namely Tianjin Chengfang, Tianjin Partnership, Kingdom Vast and Harvest Property, hold their existing 50,000,000 Shares (in aggregate) as promoter shares as defined in the PRC Company Law. Under the PRC Company Law, promoter shares may not be sold within a period of one year from 17 December 2020, the date on which we were converted into a joint stock limited liability company. The PRC Company Law further provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing on any stock exchange. Upon the approval of the CSRC and with the consent of the Stock Exchange, the unlisted Shares may be converted into H Shares.

Except as described in this prospectus and in relation to the despatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarised in Appendix VI to this prospectus, our unlisted Shares and our H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions to be declared, paid or made after the date of this prospectus (save for the dividends payment in RMB for Domestic Shares, in foreign currency except RMB for Unlisted Foreign Shares, and in Hong Kong dollars for H Shares). However, the transfer of unlisted Shares is subject to such restrictions as the PRC laws may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months from the date of this prospectus. We have not approved any share issue plan other than the Global Offering.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Upon completion of the Global Offering, our Company will have three classes of Shares, namely the Domestic Shares, Unlisted Foreign Shares and H Shares. According to the stipulations by the securities regulatory authorities under the State Council and the Articles of Association, our unlisted Shares may be converted into H Shares. Such converted shares may be listed or traded on an overseas stock exchange provided that the conversion and trading of such converted shares shall only be effected after all requisite internal approval process have been duly completed and the approval from the relevant PRC regulatory authorities (including the CSRC) and the relevant overseas stock exchange have been obtained. In addition, such conversion and trading shall in all respects comply with the regulations prescribed by the securities regulatory authorities under the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our unlisted Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our unlisted Shares on the Stock Exchange as H Shares before any proposed conversion so that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require prior application for listing at the time of our Listing in Hong Kong.

No Shareholder voting by class is required for the conversion, listing and trading of the converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our Listing is subject to prior notification by way of announcement to inform Shareholders and the public of any such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed in order to effect the conversion: the relevant unlisted Shares will be withdrawn from the CSDCC and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditioned on (i) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates, and (ii) the admission of the H

Shares to trade on the Stock Exchange complying with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the transferred shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

As at the Latest Practicable Date, to the best knowledge of our Directors, our Directors were not aware of any intention of any holder of Domestic Shares and/or Unlisted Foreign Shares to convert all or part of their Domestic Shares and/or Unlisted Foreign Shares into H Shares.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with CSDCC within 15 working days upon listing.

You should read the following discussion and analysis of our financial condition and results of operation together with our consolidated financial statements as at and for the three years ended 31 December 2021 and the accompanying notes included in the Accountant's Report set out in Appendix I to this prospectus. The Accountant's Report has been prepared in accordance with HKFRSs. Potential investors should read the whole of the Accountant's Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section headed "Risk factors" in this prospectus.

OVERVIEW

We are a long-established property management service provider offering comprehensive services for a wide range of properties in the PRC with a rapid growth track record. Having been providing property management services in the PRC for over 17 years, we believe our long operating history and industry experience differentiates us from many of our competitors. As at 31 December 2021, we had our business presence in two major regions in the PRC, namely, Southwestern China and Eastern China. Over the years, we adopted a growth strategy to expand our business portfolio in existing cities in which we have property projects that we managed and to enter into new cities that we consider to be of high growth potential. As at 31 December 2021, we had 325 property projects under management, including residential and non-residential properties, covering 51 cities, across 16 provinces, autonomous regions and municipalities in the PRC, with a total GFA under management of approximately 28.2 million sq.m.. Among which, 133 of them were residential properties and 192 of them were non-residential properties, The aggregate GFA under management of residential properties and non-residential properties were approximately 20.5 million sq.m. and 7.7 million sq.m., respectively, as at 31 December 2021. As at 31 December 2021, approximately 50.0% of the total GFA under management covered by the property management services by our Group were properties sourced from Dima Group and Affiliated Companies.

We experienced a rapid growth during the Track Record Period. Our revenue increased by approximately 113.4%, from approximately RMB559.2 million in 2019 to approximately RMB1,193.4 million in 2021, with a CAGR of approximately 46.1%. Our gross profit increased from approximately RMB132.7 million in 2019, and increased to approximately RMB216.0 million and approximately RMB308.9 million in 2020 and 2021 respectively, which increased by approximately 132.8% between 2019 and 2021. Our gross profit margin increased from approximately 23.7% in 2019 to approximately 28.2% in 2020, and decreased to approximately 25.9% in 2021. Our profit for the year increased from approximately RMB25.6 million in 2019 to approximately RMB84.5 million in 2020 and approximately RMB130.4 million in 2021, which increased by approximately 409.4% between 2019 and 2021. Furthermore, the number of property projects that we managed, GFA under management and contracted GFA increased from 80, 11.9 million sq.m. and 19.8 million sq.m. as at 31 December 2019, to 227, 21.1 million sq.m. and 35.5 million sq.m., respectively, as at 31 December 2020, and further increased to 325, 28.2 million sq.m. and 42.9 million sq.m., respectively, as at 31 December 2021.

BASIS OF PRESENTATION

The principal accounting policies applied in the preparation of our historical financial information are in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"). Our historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss ("**FVPL**"), which are carried at fair value.

The preparation of our historical financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our historical financial information are disclosed in Note 4 to the Accountant's Report as set out in Appendix I to this prospectus.

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on 1 January 2020, are consistently applied to our Group throughout the Track Record Period.

Impact of adoption of new and amendments to certain accounting policies

We adopted a full retrospective application of HKFRS 16 "Leases" (which replaces the previous standards HKAS 17 "Leases", HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC)-Int 15 "Operating Leases – Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease") which have been applied on a consistent basis throughout the Track Record Period.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATION

Our financial condition and results of operation have been and will continue to be affected by a number of factors, including those set out in the section headed "Risk factors" in this prospectus and those discussed below:

Our GFA under management

Our financial position and results of operation are affected by the GFA under management for our property management business. During the Track Record Period, we generated a significant portion of our revenue from our property management services, which accounted for approximately 46.0%, 45.6% and 52.7% of our total revenue for the three years ended 31 December 2021, respectively. Accordingly, our revenue growth depends on our ability to maintain and grow our GFA under management, which in turn is affected by our ability to renew existing property management service agreements and secure new ones. During the Track Record Period, we experienced a continuing growth in our GFA under management, which was approximately 11.9 million sq.m., 21.1 million sq.m. and 28.2 million sq.m. as at 31 December 2019, 2020 and 2021, respectively. Of our total GFA under management, property projects sourced from Dima Group and Affiliated Companies accounted for approximately 76.7%, 52.9% and 50.0% as at 31 December 2019, 2020 and 2021, respectively. We have been spending efforts to expand our provision of property management services to property projects sourced from other sources, in order to gain additional revenue sources and diversify our property portfolio. We have been experiencing a steady growth in our GFA under management from other sources during the Track Record Period, which accounted for approximately 23.3%, 47.1% and 50.0% as at 31 December 2019, 2020 and 2021, respectively. Our ability to obtain property projects from other sources will complement our services provided to property projects sourced from Dima Group and Affiliated Companies and drive the continuing growth of our revenue and profits.

Service mix

Our results of operation are affected by our service mix. During the Track Record Period, our profit margins varied across our three business lines: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners. In addition, different types of property (residential or non-residential) we manage may also generate different profit margins. Our profit margins of different business lines generally depend on types of services provided, fees received and costs borne by us under different arrangements. Any change in the structure of revenue contribution from our three business lines, change in profit margin of any business line or change in the portfolio mix of types of property projects under management may have a corresponding impact on our overall profit margin. The following table sets out a breakdown of our gross profit and gross profit margin by services during the Track Record Period:

	Year ended 31 December					
	2019		**2020**		**2021**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	45,335	17.6	82,089	23.5	145,560	23.1
Community value-added services	55,165	31.4	70,655	34.5	85,268	29.7
Value-added services to non-property owners	32,190	25.5	63,245	29.7	78,095	28.1
Overall	132,690	23.7	215,989	28.2	308,923	25.9

Pricing, branding and market position

Our financial condition and results of operation are affected by our ability to continuously maintain or increase the fee rates we charge for our services, which is, in part, affected by our brand recognition and positioning in China's property management industry. We may be subject to pricing control under the PRC laws and regulations with respect to our residential property management services. We leverage our branding in pricing our services, and take into account factors such as characteristics, locations, our budget, target profit margins, property owners' and residents' profiles, the scope and quality of our services, the local government's guidance price on property management fees, where applicable, and the pricing of comparable properties located in the same area. We strive to balance multiple consideration, including competitiveness, profitability and our ability to shape and preserve our image as a quality property management service provider. Failure to balance various factors in determining our pricing could materially and adversely affect our financial condition and results of operation.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our revenue and profit for the year in relation to the changes of average property management fees rate during the Track Record Period, assuming all other variables remained constant. Fluctuations in the average property management fees rate assumed to be approximately 6.5% and 15.7%, based on the historical fluctuations during the Track Record Period are set below:

	Increase/(decrease) on our revenue Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Average property management fees increase/decrease by:			
+6.5%	16,779	22,785	41,024
+15.7%	40,343	54,782	98,635
-6.5%	(16,779)	(22,785)	(41,024)
-15.7%	(40,343)	(54,782)	(98,635)

	Increase/(decrease) on our profit before tax Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Average property management fees increase/decrease by:			
+6.5%	2,055	6,436	10,046
+15.7%	4,940	15,475	24,154
-6.5%	(2,055)	(6,436)	(10,046)
-15.7%	(4,940)	(15,475)	(24,154)

We strive to maintain or raise our property management fees rates when renewing the expiring property management service agreements to maintain or improve our profit margin in response to the enhancements to the standard or scope of our property management services and increases in our costs. Our ability to raise our fee rates will be impacted by our ability to uphold and enhance our branding and any pricing controls imposed by the relevant PRC authorities.

Ability to manage labour costs and expenses and subcontracting costs

Since property management is labour intensive, labour costs constitute a substantial portion of our cost of sales. During the Track Record Period, our labour cost increased as a result of the expansion of our business and increases in our average salary. For the three years ended 31 December 2021, our labour costs accounted for approximately 49.8%, 43.7% and 43.1% of cost of sales, respectively.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our profit before income tax in relation to the changes of labour costs during the Track Record Period, assuming all other variables remained constant. Fluctuations in the labour cost assumed to be 13.3% and 58.3%, based on the historical fluctuations during the Track Record Period are set below:

	Increase/(decrease) on our profit before tax Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Labour costs increase/decrease by:			
+13.3%	(28,264)	(32,009)	(50,661)
+58.3%	(123,831)	(140,241)	(221,962)
-13.3%	28,264	32,009	50,661
-58.3%	123,831	140,241	221,962

We have also outsourced certain services, such as cleaning, security and landscaping services, to third-party subcontractors. During the Track Record Period, our subcontracting costs amounted to approximately RMB110.2 million, RMB162.3 million and RMB311.9 million, accounted for approximately 25.8%, 29.5% and 35.1% of our cost of sales, respectively. The increase in our subcontracting costs during the Track Record period was primarily attributable to our business expansion demonstrated by the increase in GFA under management and number of property projects that we managed.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our profit before income tax in relation to the changes of subcontracting costs during the Track Record Period, assuming all other variables remained constant. Fluctuations in subcontracting cost assumed to be approximately 46.1% and 92.2%, based on the historical fluctuations during the Track Record Period are set below:

	Increase/(decrease) on our profit before tax Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Subcontracting costs increase/decrease by:			
+46.1%	(50,783)	(74,809)	(143,380)
+92.2%	(101,586)	(149,649)	(287,654)
-46.1%	50,783	74,809	143,380
-92.2%	101,586	149,649	287,654

In order to cope with rising labour costs, we continue to implement a number of cost control measures, such as employing technological solutions to replace manual labour and control labour costs, subcontracting certain labour-intensive tasks to third parties while maintaining close supervision over their services, optimising our staff structure and schedules to improve efficiency and standardising operational procedures associated with our various services.

For further details regarding our standardisation of operational procedures, please refer to the section headed "Business – Standardisation and digitalisation" in this prospectus.

Competition

The property management industry in the PRC is highly competitive and fragmented with numerous market participants. We primarily compete with large national and regional property management companies in the PRC with respect to property management services. Our ability to successfully compete against our competitors affects our ability to grow our business and our results of operation. We have been focusing on, and will continue to focus on keeping our competitiveness in terms of operation scale, pricing, quality of services, brand recognition and financial resources, among other factors, in order to obtain a larger market share and increase GFA under our management, which directly lead to our growth and improvement in results of operation. For more details about the industry and markets that we operate in, please refer to the sections headed "Industry overview" and "Business – Competition" in this prospectus.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

We have identified certain accounting policies and critical accounting judgments and estimates that are significant to the preparation of our financial statements. Our significant accounting policies and critical accounting judgments and estimates, which are important for an understanding of our financial position and results of operation, are set out in details in notes 2 and 4 of the Accountant's Report in Appendix I to this prospectus.

Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management to require management to make subjective and complex judgements based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our significant accounting policies, (ii) the judgements and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions, where applicable. We set out below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our financial statements.

Revenue recognition

We provide property management services, community value-added services and value-added services to non-property owners. Revenue is recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

Property management services

Revenue from providing property management services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by our Group when our Group performs.

For property management services, we bill a fixed amount for services provided on a monthly basis and recognise as revenue in the amount to which we have a right to invoice and that correspond directly with the value of performance completed.

For property management services income from property projects we managed under lump sum basis, where we are primarily responsible for providing the property management services to the property owners, we recognise the property management fees received or receivable from property owners as its revenue and all related property management costs as our cost of service.

For property management services income from property projects we managed under commission basis, we recognise the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as our revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

Community value-added services

Community value-added services mainly include:

(a) car parking spaces management services: the fees of which is recognised as revenue on a net basis at a pre-determined percentage of total parking fees collected that corresponds directly with the value of performance completed;

(b) car parking spaces and property sales services:

such services include:

– agency services for sale of car parking spaces and properties: as we act as an agent for such services, we recognise commission fees on a net basis, which are calculated by a percentage of the sales prices when the car parking spaces and properties are delivered to our customers; and

– car parking spaces sales business: as we act as a principal for such business, revenue derived therefrom is recognised when the control of the car parking spaces is transferred to our customers;

(c) public resources management services: we act as an agency when providing the services and recognise the commission fees on a net basis, which is calculated by a portion of income earned by property owners in accordance with an agreed-upon percentage when such services are rendered;

(d) property agency services:

such services include:

– property agency services in relation to tenancy, where we recognise the commission fees on a net basis at a fixed percentage of rental income when such services are rendered; and

– agency services for sale of properties, where we recognise the commission fees on a net basis, which are calculated by a percentage of the sales prices when properties are delivered to our customers;

(e) community events planning services: the revenue derived therefrom is recognised on a gross basis when such services are rendered;

(f) utility maintenance services: the revenue derived therefrom is recognised when such services are rendered; and

(g) renovation waste treatment services: the revenue derived therefrom is recognised when such services are rendered.

Value-added services to non-property owners

Value-added services to non-property owners mainly include:

(i) sales assistance services: on-site sales assistance services mainly include: cleaning, security, maintenance of display units, visitor management and hospitality services provided to property developers at an early stage of property development, which are billed and settled monthly based on actual level of services provided at pre-determined price and revenue is recognised on a gross basis when such services are provided;

(ii) maintenance and renovation services: we provide maintenance and renovation services to property developers where we agree the price for the services with the customers upfront and recognise as revenue on a gross basis in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed;

(iii) pre-delivery consultancy and inspection services: We agree the price for the services with the customers upfront and recognise as revenue on a gross basis in the amount to which our Group has a right to invoice and that corresponds directly with the value of performance completed; and

(iv) additional tailored services: we recognise revenue when the relevant services are rendered.

When either party to a contract has performed, we present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between our performance and the customer's payment.

A contract asset is our right to consideration in exchange for services that we have transferred to a customer.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer services to the customer, we present the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when we have an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised. We applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense immediately if the amortisation period is less than 12 months.

Intangible assets

Goodwill

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. We recognise any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**") or groups of CGUs, that is expected to benefit from the synergies of the combination in which the goodwill arose. The goodwill is allocated and monitored at subsidiary level which is below the operating segment level.

The carrying value of the CGUs containing the goodwill is compared with the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected lives of eight years for the customer relationships.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Fair value of financial assets/liabilities

Our financial assets at FVPL primarily consisted of structured deposits we invested in a reputable commercial bank in the PRC in 2018 and our financial liabilities at FVPL represent contingent consideration payable for business combination as at out in note 3.3(b) to the Accountant's Report in Appendix I to this prospectus. We classified such structured deposits and such contingent consideration payable as financial assets at FVPL and financial liabilities at FVPL, respectively, of which no quoted prices in an active market exist. The fair value of such financial assets and liabilities is established by using discounted cash flow method with expected return rate as unobservable input. Valuation model established by the valuer makes the maximum use of market inputs and relies as little as possible on our own specific data. However, it should be noted that some inputs, such as expected return rate, relationship of unobservable inputs to fair value, probability weighted average, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial assets and liabilities at FVPL. The fair values of the financial assets and liabilities are set out in note 3.3(b) to the Accountant's Report in Appendix I.

We invested in such structured products mainly for cash management purpose. We have implemented a series of internal control policies and rules regarding investment to ensure the purpose of investment is to preserve capital and liquidity, and we would only purchase financial products under limited circumstances. Our finance department is responsible for recommending investment opportunities, and investment decisions of our finance department are subject to the approval of our finance center. Before making a proposal to invest in financial products, our finance department will ensure that there remains sufficient working capital for our daily operation needs, and capital expenditures even after purchasing such financial products. We adopt a prudent approach in selecting financial products. In making the investment decision, our finance center will (i) evaluate the nature of the structured product, (ii) consider all information that is relevant to assess the merit of the structured product, (iii) compare financial products offered by different banks and financial institutions based on the product types, terms, and the potential yield of such financial products. Our investment decisions are made on a case-by-case basis and after due and careful consideration of our cash flow and operational needs. To control our risk exposure, we oversee the performance of the financial products we purchased on a regular basis and timely measures will be taken to manage our investments.

In relation to the valuation of the financial assets, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of the structured deposits agreements; (ii) carefully reviewed the valuation related policies, the financial statements prepared in accordance with HKFRS and other supporting documents; (iii) carefully considered all information especially those non-market related information input, such as, expected return rate, relationship of unobservable inputs to fair value, probability weighted average, which require management assessments and estimates; and (iv) has had sufficient understanding of the methodology, assumptions and key parameters adopted for our valuation of such financial instruments. In relation to the valuation of the financial liabilities, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of the equity transfer agreement in relation to the business combination; (ii) engaged independent valuer, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (iii) carefully considered all information especially those non-market related information input, such as the discount rate, discount for lack of marketability and expected volatility, which require management assessments and estimates; and (iv) reviewed the valuation report and results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis is fair and reasonable, and the financial statements of our Group are properly prepared.

In relation to the valuation of our Company's level 3 financial assets, the Sole Sponsor has conducted relevant due diligence work, including but not limited to, (i) discussed and conducted due diligence with the management of our Company to understand, amongst other things, the nature and details of the financial instruments, the relevant valuation work performed by our Company, and the methodology, assumptions and key parameters adopted for our valuation of such financial instruments; (ii) obtained and reviewed the underlying contracts for the level 3 financial assets; (iii) obtained and reviewed the internal policies and procedures of our Group for investment in level 3 financial assets; (iv) reviewed the relevant notes in the Accountant's Report as contained in Appendix I to this prospectus; and (v) conducted due diligence with the Reporting Accountant in respect of the audit procedures they have conducted for the purpose of expressing an opinion on the historical financial information of our Group as a whole.

In relation to the valuation of the Company's financial liabilities at fair value, the Sole Sponsor has conducted relevant due diligence work, including but not limited to, (i) discussed and conducted due diligence with the management of our Company to understand, amongst other things, the terms of the equity transfer agreement in relation to the acquisition of Guangxi Shengkang; (ii) obtained and reviewed the relevant equity transfer agreement; (iii) obtained and reviewed the valuation report prepared by the external valuer in relation to the valuation of Guangxi Shengkang; (iv) interviewed the external valuer to understand, amongst other things, the methodology, assumptions and key parameters used by the external valuer; (v) obtained and reviewed the relevant internal policies and procedures of the Group; (vi) reviewed the relevant notes in the Accountant's Report as contained in Appendix I to this prospectus; and (vii) discussed with the Reporting Accountant to understand the audit procedures they have conducted for the purpose of expressing an opinion on the historical financial information of the Group as a whole.

Based on the due diligence work conducted by the Sole Sponsor as stated above, and having considered the work performed by the management of our Company and the unqualified opinion of the Reporting Accountant that the Accountant's Report in Appendix I to this prospectus gives a true and fair view of the financial position and performance of our Group taken as a whole, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation analysis in relation to level 3 financial assets and liabilities performed by our Company.

Details of the fair value measurement of financial assets and liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value of level 3 measurements are disclosed in note 3.3(b) to the Accountant's Report issued by our Reporting Accountant in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants in Appendix I to this prospectus. The Reporting Accountant's opinion on the historical financial information of our Group for the Track Record Period as a whole is set out in Appendix I to this prospectus.

RESULTS OF OPERATION

The following table sets out our consolidated statements of comprehensive income for the periods indicated:

	Year ended 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Revenue	559,154	766,802	1,193,423
Cost of sales	(426,464)	(550,813)	(884,500)
Gross profit	132,690	215,989	308,923
Selling and marketing expenses	(17,204)	(23,497)	(27,771)
Administrative expenses	(100,394)	(103,481)	(139,284)
Net impairment (losses)/gains on financial assets	3,213	(1,315)	(3,522)
Other income	7,419	5,808	9,554
Other gains/(losses) – net	(54)	(110)	(315)
Operating profit/(loss)	25,670	93,394	147,585
Finance income	13,061	235	325
Finance costs	(12,747)	(656)	(1,033)
Finance income/(costs) – net	314	(421)	(708)
Share of results of investments accounted for using the equity method	5,521	5,717	7,162
Profit before income tax	31,505	98,690	154,039
Income tax expenses	(5,913)	(14,222)	(23,644)
Profit for the year	25,592	84,468	130,395
Total comprehensive income for the year	25,592	84,468	130,395
Profit and total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company	25,667	84,714	128,720
– Non-controlling interests	(75)	(246)	1,675
	25,592	84,468	130,395

MAJOR ITEMS IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we generated our revenue primarily from three business lines namely: (a) property management services; (b) community value-added services; and (c) value-added services to non-property owners.

The following table sets out a breakdown of our revenue by business lines for the periods indicated:

	Year ended 31 December					
	2019		**2020**		**2021**	
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Property management services	257,284	46.0	349,366	45.6	629,028	52.7
Community value-added services	175,474	31.4	204,797	26.7	286,851	24.0
Value-added services to non-property owners	126,396	22.6	212,639	27.7	277,544	23.3
Total	559,154	100.0	766,802	100.0	1,193,423	100.0

Property management services

Our property management services primarily include security services, cleaning services, landscaping services, common area facility management, repair and maintenance services. For the three years ended 31 December 2021, revenue derived from the property management services amounted to approximately RMB257.3 million, RMB349.4 million and RMB629.0 million accounting for approximately 46.0%, 45.6% and 52.7%, respectively, of our total revenue for the same year. The increase in our revenue from property management services during the Track Record Period was primarily driven by the increase in the GFA under management, and the increase in the average property management fees rate we charged.

During the Track Record Period, we experienced fast growth in our GFA under management, which was approximately 11.9 million sq.m., 21.1 million sq.m. and 28.2 million sq.m. as at 31 December 2019, 2020 and 2021, respectively. The increase in GFA under management was primarily due to the new engagement of property management services and the continuous increase in GFA delivered to us for management under the existing property management service agreements during the Track Record Period. We attributed this growth from 2019 to 2021 to (i) the long-term cooperation with Dima Group and Affiliated Companies; (ii) our ability to search for and capture market opportunities; and (iii) the market recognition that we have built up over the years. During the Track Record Period, the average property management fees rate we charged was approximately RMB2.94 sq.m. per month, RMB3.38 sq.m. per month and RMB2.85 sq.m. per month, respectively. The increase in average property management fees rate we charged during 2019 to 2020 was primarily due to (i) new engagement of property management services provided with respect to newly developed property projects and/or property projects which we charged relatively high property management fees rate on average for such property projects; and (ii) the decrease in the unsold or vacant property units under our management which we, in general, offered discount to the property developers on the property management fees if the properties were unsold or vacant and had not yet delivered to residents. The average property management fees rate we charged for residential properties increased from 2020 to 2021 mainly because of the new engagement of us for providing property management services for newly developed property projects with commercial facilities, which located in the first-tier and second-tier cities in the PRC, including Shanghai and Chongqing, that we charged relatively higher property management fees rate in average on such property projects. The average property management fees rate we charged for non-residential properties decreased in 2021 as the majority of the non-residential property projects that we sourced from Independent Third Parties in 2021 were located in third- and fourth-tier cities that we charged a relatively lower property management fees rate in general, which lowered the overall property management fees rate for non-residential properties in 2021 as compared with that of 2020.

The following table sets out the breakdown of our revenue from property management services by revenue model for the periods indicated:

	Year ended 31 December					
	2019		**2020**		**2021**	
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Lump sum basis	253,322	98.5	345,358	98.9	624,974	99.4
Commission basis	3,962	1.5	4,008	1.1	4,054	0.6
Total	257,284	100.0	349,366	100.0	629,028	100.0

During the Track Record Period, we charged property management fees for our property management services primarily on a lump sum basis. Property management fees may be charged under lump sum basis or under commission basis. When the property management fees are charged under lump sum basis, we record all the fees as revenue and all the expenses incurred in connection with providing the property management services as cost of sales. When we charge property management fees under commission basis, we essentially act as agent of the property owners and therefore record solely a pre-determined amount set out in the property management service agreements or a pre-determined percentage of the property management fees as revenue.

The revenue derived from property management services we charged on lump sum basis was on an increasing trend during the Track Record Period, which was primarily driven by (i) the increase in the GFA under management; and (ii) the average property management fees rate we charged as explained above. The revenue derived from property management services we charged on commission basis was primarily generated from one of our non-residential property projects which is a shopping complex located in Chongqing. The revenue derived from such property project was stable during the Track Record Period.

Revenue by property type

The following table sets out the breakdown of our revenue from property management services by property type during the periods indicated:

	Year ended 31 December					
	2019		**2020**		**2021**	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Residential properties[(1)]	193,515	75.2	272,040	77.9	366,442	58.3
Non-residential properties[(2)]	63,769	24.8	77,326	22.1	262,586	41.7
Total	257,284	100.0	349,366	100.0	629,028	100.0

1. For the three years ended 31 December 2021, the proportion of our revenue generated from property management services provided with respect to residential properties sourced from Dima Group to our total revenue generated from property management services provided with respect to residential properties was approximately 83.7%, 74.9% and 69.5%, respectively. The proportion of our revenue generated from property management services provided with respect to residential properties sourced from Affiliated Companies to our total revenue generated from property management services provided with respect to residential properties was approximately 8.9%, 9.6% and 9.7%, respectively, during the same years. During the Track Record Period, the proportion of our revenue generated from property management services provided with respect to residential properties sourced from the Independent Third Parties to our total revenue generated from property management services provided with respect to residential properties was approximately 7.4%, 15.5% and 20.8%, respectively.

2. For the three years ended 31 December 2021, the proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from Dima Group to our total revenue generated from property management services provided with respect to non-residential properties was approximately 97.8%, 86.2% and 27.1%, respectively. The proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from Affiliated Companies to our total revenue generated from property management services provided with respect to non-residential properties was nil, nil and nil, respectively, during the same years. During the Track Record Period, the proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from the Independent Third Parties to our total revenue generated from property management services provided with respect to non-residential properties was approximately 2.2%, 13.8% and 72.9%, respectively. The significant increase in the proportion of our revenue generated from property management services provided with respect to non-residential properties sourced from the Independent Third Parties for the year ended 31 December 2021 as compared with that of the year ended 31 December 2020 was primarily attributable to the inclusion of the revenue generated from property management services provided with respect to non-residential properties of GSN Group, which was acquired by us in the second half of 2020.

During the Track Record Period, a substantial portion of our revenue was derived from property management services provided with respect to residential properties, which accounted for approximately 75.2%, 77.9% and 58.3% of our total revenue generated from property management services for the three years ended 31 December 2021, respectively. We have also diversified our property management portfolio by extending services to non-residential properties, including governmental facilities, schools, hospitals and commercial properties.

The increase in revenue generated from property management services provided with respect to residential properties during the Track Record Period was primarily due to the continuous increase in (i) the number of residential property projects that we managed; and (ii) GFA under our management with respect to the residential property projects located in Chongqing, Sichuan Province and Hubei Province, which were sourced from Dima Group. We attributed the relatively high proportion of our GFA under management for residential properties projects sourced from Dima Group mainly to (i) our long-term cooperation with Dima Group, which is a property developer in Chongqing and primarily focuses on residential property development in Chongqing and Sichuan Province; and (ii) the increase in number of residential properties development projects completed and delivered from Dima Group to our Group for management during the Track Record Period.

The increase in revenue generated from property management services provided with respect to non-residential properties during the Track Record Period was mainly a result of an increase in (i) number of non-residential properties development projects completed and delivered from Dima Group to our Group for management, which we charged a relatively higher average property management fees rate, including a number of commercial properties situated in Chongqing and Chengdu; and (ii) total GFA under our management of non-residential properties following our acquisition of Chongqing Shengdu and Hubei Zhonghe in 2019 and Luzhou Kuayue in 2020, and our acquisition of GSN Group and Shengkang Group in late 2020.

Revenue by source of property projects

The table below sets out a breakdown of (i) our revenue generated from property management services; (ii) our GFA under management; and (iii) numbers of property projects that we managed based on the sources from which we obtained the relevant property projects as at the dates of or for the periods indicated:

	As at/For the year ended 31 December											
	2019				2020				2021			
	Number of property projects that we managed[2]	GFA under management[4]	Revenue		Number of property projects that we managed[2]	GFA under management[4]	Revenue		Number of property projects that we managed[2]	GFA under management[4]	Revenue	
		('000 sq.m.)	*(RMB'000)*	%		*('000 sq.m.)*	*(RMB'000)*	%		*('000 sq.m.)*	*(RMB'000)*	%
Property projects sourced from[1] Dima Group												
Residential properties	38	7,143	162,060	63.0	43	8,616	203,778	58.3	63	11,236	254,559	40.5
Non-residential properties	7	1,054	62,347	24.2	8	1,121	66,626	19.1	10	1,136	71,288	11.3
Sub-total	45	8,197	224,407	87.2	51	9,737	270,404	77.4	73	12,372	325,847	51.8
Property projects sourced from[1] Affiliated Companies												
Residential properties	4	908	17,204	6.7	6	1,401	26,047	7.5	10	1,719	35,536	5.6
Non-residential properties	–	–	–	–	–	–	–	–	–	–	–	–
Sub-total	4	908	17,204	6.7	6	1,401	26,047	7.5	10	1,719	35,536	5.6
Property projects sourced from[1] Independent Third Parties[3]												
Residential properties	22	2,659	14,251	5.5	40	4,262	42,215	12.0	60	7,557	76,347	12.2
Non-residential properties	9	106	1,422	0.6	130	5,654	10,699	3.1	182	6,547	191,298	30.4
Sub-total	31	2,765	15,673	6.1	170	9,916	52,914	15.1	242	14,104	267,645	42.6
Total	80	11,870	257,284	100.0	227	21,054	349,366	100.0	325	28,195	629,028	100.0

Notes:

1. The breakdown of revenue generated from the management of property projects is based on the sources from which our Group obtained the relevant property projects instead of the sources which we derived revenue from. For example, for a property project sourced from Dima Group, our Group may derive income from Dima Group, property owners and property owners' associations at different stages, depending on factors such as whether residential properties have been delivered to property owners and whether property owners' associations have been established.

2. Number of property projects that we managed include property projects for which we entered into the relevant property management service agreements that did not specify the amount of GFA under management.

3. Refers to enterprises which are not part of Dima Group or Affiliated Companies, including, among others, third-party developers, property owners' associations and individual property owners.

4. This includes the GFA where the property management services were provided by entities in which we hold non-controlling interests. As at 31 December 2019, 2020 and 2021, the total GFA under management of property projects managed by entities we hold non-controlling interests in were approximately 1.1 million sq.m., 1.1 million sq.m. and 1.4 million sq.m., respectively.

During the Track Record Period, we derived a substantial portion of our revenue from managing property projects sourced from Dima Group. For the three years ended 31 December 2021, the revenue generated from property management services provided with respect to the property projects sourced from Dima Group amounted to approximately RMB224.4 million, RMB270.4 million and RMB325.8 million respectively, representing approximately 87.2%, 77.4% and 51.8% respectively, of our total revenue derived from property management services for the same periods. The increasing trend of our revenue generated from property management services provided with respect to the residential property projects sourced from Dima Group during the Track Record Period is primarily attributable to the continuous increase in the GFA under management as aforementioned. In general, the decrease in the percentage of our revenue generated from property management services provided with respect to the property projects sourced from Dima Group during the Track Record Period reflected our continuous effort to expand our property portfolio and to manage more property projects sourced from Independent Third Parties. Our number of property projects sourced from Dima Group increased from 45 as at 31 December 2019, to 51 as at 31 December 2020 and to 73 as at 31 December 2021, and the relevant GFA under management increased from approximately 8.2 million sq.m. as at 31 December 2019, to approximately 9.7 million sq.m. as at 31 December 2020 and to 12.4 million sq.m. as at 31 December 2021. We primarily attributed the growth to our long-term cooperation with Dima Group over the years.

During the three years ended 31 December 2021, our revenue generated from property management services provided with respect to the property projects sourced from Affiliated Companies increased from approximately RMB17.2 million in 2019 and further increased to approximately RMB26.0 million in 2020 and further to approximately RMB35.5 million in 2021, which accounted for approximately 6.7%, 7.5% and 5.6% of our total revenue generated from property management services, respectively. The continuous increase in (i) the revenue generated from property management services provided with respect to the residential property projects sourced from Affiliated Companies; and (ii) GFA under management was mainly attributable to the new engagement by Affiliated Companies for our provision of property management services for residential properties in Chongqing, Chengdu and Shanghai.

During the Track Record Period, our revenue generated from property management services provided with respect to the property projects sourced from Independent Third Parties accounted for approximately 6.1%, 15.1% and 42.6% of our total revenue generated from property management services, respectively. Our number of property project sourced from Independent Third Parties increased from 31 as at 31 December 2019, to 170 as at 31 December 2020 and to 242 as at 31 December 2021; and the relevant GFA under management increased from approximately 2.8 million sq.m. as at 31 December 2019, to approximately 9.9 million sq.m. as at 31 December 2020 and to approximately 14.1 million sq.m. as at 31 December 2021. The increase in the (i) revenue generated from property management services provided with respect to the property projects sourced from Independent Third Parties; (ii) number of property projects sourced from Independent Third Parties; and (iii) relevant GFA under management with respect to property projects sourced from Independent Third Parties were primarily attributable to our new engagements for providing property management services for residential and non-residential properties in various locations, including Chongqing, Sichuan Province, Hubei Province, Shanghai and Jiangsu Province. We attributed this growth during the Track Record Period to our ability to search for and capture market opportunities independent from our affiliation with Dima Group and the market recognition we have built up over the years.

The following table sets out the average property management fees rate that we charged for property projects that we sourced from Dima Group, Affiliated Companies and Independent Third-Parties which our property management fees are mainly determined with reference to the GFA that we provided property management during the Track Record Period:

	For the year ended 31 December		
	2019	2020	2021
	(RMB per sq.m. per month)		
Residential properties	**2.40**	**2.46**	**2.52**
– Dima Group	2.78	3.04	3.00
– Affiliated Companies	2.76	2.79	2.66
– Independent Third-Parties*(Note)*	1.44	1.66	1.84
Non-residential properties	**7.73**	**9.00**	**5.34**
– Dima Group	7.73	13.23	7.92
– Affiliated Companies	–	–	–
– Independent Third-Parties*(Note)*	–*(Note)*	3.09	2.34
Overall	2.94	3.38	2.85

Note: Refers to enterprises which are not part of Dima Group or Affiliated Companies, including, among others, third-party developers and property owners' associations. No average property management fees rate per sq.m. was calculated for year ended 31 December 2019 as our property management fees for non-residential properties sourced from Independent Third Parties during the same period were not determined with reference to the GFA of the property projects that we manage. Our property management fees were determined with reference to the number of staff that we designated to the relevant property project and the services scope and time spent by such staff for providing services.

During the Track Record Period, we generally record higher average property management fees rate for non-residential properties as compared to the same for residential properties since the entry barrier of managing non-residential properties is relatively higher. For further details regarding the entry barrier of managing different types of properties, please refer to the section headed "Industry overview – Entry barriers" in this prospectus.

Residential properties

The increasing in the average property management fees rate we charged for residential properties that we sourced from Dima Group and Affiliated Companies during the two years ended 31 December 2020 was primarily due to the new engagement of us for providing property management services for newly developed property projects with commercial facilities, which located in the first-tier and second-tier cities in the PRC, including Shanghai and Chengdu, that we charged relatively higher property management fees rate in average on such property projects. The average property management fees rate we charged for residential properties that we sourced from Dima Group remained stable during 2020 and 2021. The average property management fees rate we charged for residential properties that we sourced from Affiliated Companies decreased during 2021 as compared with that in 2020 as the residential property projects which our Group newly engaged by Affiliated Companies in 2021 were primarily located in second-tier cities that we charged a relatively lower property management fees rate in general, which lowered the average property management fees rate we charged for residential property that we sourced from Affiliated Companies in 2021 as compared with that of 2020.

Non-residential properties

The increasing trend of the average property management fees rate we charged for non-residential properties that we sourced from Dima Group during the two years ended 31 December 2020 was primarily due to new engagement of property management services provided with respect to a number of non-residential properties including commercial complexes which are situated in second-tier cities in the PRC, such as Chongqing and Chengdu. In particular, the average property management fees rate we charged for non-residential properties that we sourced from Dima Group increased from approximately RMB7.73 per sq.m. per month in 2019 to approximately RMB13.23 per sq.m. per month in 2020. Such increase was primarily attributable to our commencement of providing property management services to a commercial complex in Chongqing in late 2020. Such commercial complex features more complementary facilities, such as a large outdoor amphitheater space and various art pieces exhibition areas. We allocated more manpower and resources to provide additional property management services at the initial stage of our services period to (i) clean and tidy up common areas; and (ii) maintain order within the complex as different contractors would enter the complex to renovate for different tenants before commencement of the operation, which enabled us to generate an additional fee of approximately RMB2,550,000 in 2020. As such, by excluding the additional fee of approximately RMB2,550,000 charged by us for the provision of the aforementioned additional manpower, the average property management fees rate we charged for non-residential properties that we sourced from Dima Group reduced to approximately RMB7.85 per sq.m. per month in 2020.

According to CIA, the industry's average property management fees rate for non-residential management properties in the PRC was approximately RMB4.99 per sq.m. per month in 2020. In particular, the industry's average property management fees rate for commercial complexes in the PRC was approximately RMB6.23 sq.m. per month in 2020, which are at the similar level of the property management fees rate for non-residential management properties that we charged during the Track Record Period.

The average property management fees rate we charged for non-residential properties that we sourced from Independent Third Parties for the year ended 31 December 2020 mainly represented the property management fees for the new engagement of property management services provided with respect to the relatively higher property management fees charged for an industrial park that is located in Jiangsu and an office building in Luzhou.

The average property management fees rate we charged for non-residential properties decreased during 2021, as compared with that during the year ended 31 December 2020, primarily due to (i) the lower fee charged by us for the commercial complex in Chongqing as abovementioned after its commencement of operation as we reduced our manpower and resources allocated to such property project; (ii) the discount to the property management fees rate given by us, which represented (a) about a one-third discount to property management fees rate for a notable tenant operating supermarket; and (b) waiver of one to three months of monthly property management fees rate for tenants during their respective renovation period, which amounted to approximately RMB400,000 in aggregate to certain tenants in a commercial complex in Chongqing pursuant to the relevant promotion strategies to attract notable tenants; and (iii) the increase in the number of non-residential property projects we sourced from Independent Third Parties as compared with that in the year ended 31 December 2020 and the majority of such property projects were located in second-tier cities in Southwestern China that we charged a relatively lower property management fees rate in general, which decreased the overall property management fees rate for non-residential properties in 2021 as compared with that of the year ended 31 December 2020.

The following table set out a breakdown of our revenue from property management services by types of customers during the Track Record Period:

	Year ended 31 December					
	2019		**2020**		**2021**	
	Revenue		**Revenue**		**Revenue**	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Property developers						
– Dima Group and Affiliated Companies	14,871	5.8	34,321	9.8	39,038	6.2
– Independent Third Parties	–	–	–	–	–	–
Sub-total	14,871	5.8	34,321	9.8	39,038	6.2
Property owners, property owners' associations and tenants						
– Dima Group and Affiliated Companies	2,018	0.8	3,173	0.9	4,438	0.7
– Independent Third Parties	240,395	93.4	311,872	89.3	585,552	93.1
Sub-total	242,413	94.2	315,045	90.2	589,990	93.8
Total	257,284	100.0	349,366	100.0	629,028	100.0

During the Track Record, a substantial portion of our revenue from property management services was derived from property owners, property owners' associations and tenants, which amounts to RMB242.4 million, RMB315.0 million and RMB590.0 million, representing 94.2%, 90.2% and 93.8% of our revenue from property management services for the years ended 31 December 2019, 2020 and 2021, respectively. During the Track Record Period, a substantial portion of our revenue from property management services generated from property owners, property owners' associations and tenants was derived from Independent Third Parties, which amounted to RMB240.4 million, RMB311.9 million and RMB585.6 million, representing 93.4%, 89.3% and 93.1% of our revenue from property management services for the years ended 31 December 2019, 2020 and 2021, respectively. During the Track Record Period, all of our revenue from property management services from property developers was generated from Dima Group and Affiliated Companies.

Revenue by geographic region

The following table sets out the breakdown of our revenue from property management services by geographic region for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Chongqing	128,411	49.8	160,480	45.9	188,228	29.9
Sichuan Province(1)	66,058	25.7	82,238	23.5	97,989	15.7
Hubei Province(2)	43,119	16.8	61,154	17.5	84,368	13.4
Shanghai	9,607	3.7	17,291	5.0	75,124	11.9
Zhejiang Province(3)	5,832	2.3	11,488	3.3	23,504	3.7
Jiangsu Province(4)	2,515	1.0	7,495	2.2	47,404	7.5
Beijing	–	0.0	–	0.0	50,644	8.1
Others(5)	1,742	0.7	9,220	2.6	61,767	9.8
Total	257,284	100.0	349,366	100.0	629,028	100.0

Notes:

1. Sichuan Province refers to cities including Mianyang, Chengdu, Zigong, Nanchong, Meishan and Luzhou.

2. Hubei Province refers to cities including Wuhan, Jingzhou, Shiyan, Tianmen, Yichang and Enshi.

3. Zhejiang Province refers to cities including Yiwu, Taizhou, Pinghu, Hangzhou, Wenling, Ningbo, Lishui and Jiaxing.

4. Jiangsu Province refers to cities including Suzhou, Taicang, Jurong, Kunshan, Nanjing, Changzhou, Changshu, Huai'an, Yancheng, Wuxi, Xuzhou and Nantong.

5. Others refers to cities including Guiyang, Kunming, Ruili, Changsha, Foshan, Guilin etc..

During the Track Record Period, property projects managed by us were primarily located in Chongqing, Sichuan Province and Hubei Province, with revenue generated from these areas accounting for an aggregate of approximately 92.3%, 86.9% and 59.0%, respectively, of our total revenue generated from property management services for the three years ended 31 December 2021. In general, the decrease in the percentage of our revenue generated from property management services provided with respect to the property projects located in Chongqing, Sichuan Province and Hubei Province during the Track Record Period reflected our continuous effort to expand our property portfolio and to manage more property projects located in other provinces in the PRC. The aggregate revenue generated from properties projects located in Zhejiang Province, Shanghai and Jiangsu Province increased at a CAGR of approximately 184.8% from approximately RMB18.0 million in 2019 to RMB36.3 million in 2020, and further to RMB146.0 million in 2021. Such aggregate revenue increased by approximately 8.1 times from approximately RMB18.0 million in 2019 to approximately RMB146.0 million in 2021, which was primarily attributable to the increase in (i) the number of property projects that we managed from 10 as at 31 December 2019 and to 71 as at 31 December 2020 and further to 99 as at 31 December 2021; and (ii) the increase in the relevant GFA under management from approximately 1.0 million sq.m. as at 31 December 2019 to 5.8 million sq.m. as at 31 December 2020 and further to 7.7 million sq.m. as at 31 December 2021 in Zhejiang Province, Shanghai and Jiangsu Province.

Our gross profit margin increased between 2019 and 2020 due to (i) the increase in average property management fees rate we charged resulting from (a) new engagement of property management services provided with respect to newly developed property projects which located in first-tier and second-tier cities in the PRC; and (b) the decrease in unsold or vacant property units under our management which we, in general, offered discount on the property management fees to such property units; and (ii) the decrease in cost of sales by adopting "small districts management" model which allowed better allocation of manpower and achievement of economies of scale. The gross profit margin of Shanghai increased from approximately 14.9% in 2019 to approximately 22.7% in 2021 due to the new engagement of property management services provided to newly developed residential property projects with commercial facilities, which are located in Shanghai. The gross profit margin of Shanghai remained stable at 22.4% in 2020 and 22.7% in 2021. The increase in gross profit margins for property projects located in Chengdu and Chongqing during the Track Record Period were mainly due to the increase in average property management fees rate we charged resulting from the provision of our property management services with respect to commercial property projects, including commercial complexes located in such districts.

Community value-added services

Our community value-added services provides to property owners and residents primarily consist of car parking spaces management, car parking spaces and property sales services, community events planning services, property agency services, public resources management services, utility maintenance services and renovation waste treatment services. The following table sets out a breakdown of our revenue generated from community value-added services by service type for the periods indicated:

	Year ended 31 December					
	2019		**2020**		**2021**	
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Car parking spaces management services	50,985	29.1	70,176	34.3	95,547	33.3
Car parking spaces and property sales services	66,767	38.0	69,123	33.8	81,525	28.4
Community events planning services	15,529	8.8	22,223	10.9	28,455	9.9
Property agency services	6,836	3.9	12,582	6.1	18,962	6.6
Public resources management services	8,169	4.7	7,041	3.4	7,123	2.5
Utility maintenance services	4,979	2.8	5,499	2.7	9,841	3.4
Renovation waste treatment services	7,106	4.1	3,878	1.9	3,324	1.2
Others[1]	15,103	8.6	14,275	6.9	42,074	14.7
Total	175,474	100.0	204,797	100.0	286,851	100.0

Note:

(1) Others include, among others, provision of community convenience services and other ancillary services such as cleaning and mechanical maintenance.

Car parking spaces management services refer to management services such as entry or exit control, cleaning, surveillance and collection of car parking fees provided by us in relation to car parking spaces owned by property developers and property owners.

Property agency services refer to commercial property sales and leasing agency services to property developers and property owners in relation to the properties sales promotion, searching for suitable tenants or buyers, and coordination of contract signing and payment by the potential tenants or buyers. The following table sets out the breakdown of revenue derived from property agency services by (i) sales and leasing; and (ii) first-hand and second-hand properties during the Track Record Period:

	Year ended 31 December					
	2019		**2020**		**2021**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of						
– First-hand properties						
– sourced from Independent Third Parties	–	–	1,044	8.3	2,214	11.7
– Second-hand properties	3,988	58.3	9,388	74.6	11,617	61.2
Leasing	2,848	41.7	2,150	17.1	5,131	27.1
Total	6,836	100.0	12,582	100.0	18,962	100.0

We generally charge our services at a fixed percentage of the contract purchase price in the range of approximately 1.0% to 2.0% regarding property sales and approximately 70% to 100% of the monthly rental regarding leasing during the Track Record Period, which was in line with the industry average according to CIA.

Our revenue generated from community value-added services increased by approximately 16.7% from approximately RMB175.5 million in 2019 to approximately RMB204.8 million in 2020, primarily due to (i) the increase in revenue derived from car parking spaces management services resulting from the increase in the number of residential property projects delivered to us for our management; (ii) the increase in revenue derived from car parking spaces and property sales services mainly resulting from the increase in number of commercial properties, office buildings and car parking spaces sold; and (iii) the increase in revenue derived from community events planning services resulting from continuous increase in both the number of events organised and the average service fee for each event and multiple services, including brand building, annual events planning, and community cultural events and activities planning services we offered to new customers in 2020.

Our revenue from community value-added services increased by approximately 40.1% from approximately RMB204.8 million in 2020 to RMB286.9 million in 2021, primarily due to the combined effect of (i) the continuous increase in revenue derived from car parking spaces management services and car parking spaces and property sales services due to the reasons stated above; and (ii) temporary lockdown measures implemented by PRC government due to the outbreak of COVID-19 in the first half of 2020, which adversely impacted our revenue derived from our various community value-added services, in particular the car parking spaces and property sales services and property agency services, during 2020.

The following table sets out the breakdown of revenue derived from each service type of community value added services by types of customers during the Track Record Period:

	Year ended 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Car parking space management services			
– Dima Group	14,063	15,162	22,437
– Affiliated Companies	289	969	3,484
– Independent Third Parties	36,633	54,045	69,626
	50,985	70,176	95,547
Car parking spaces and property sales services			
– Dima Group	42,633	56,585	65,192
– Affiliated Companies	7	187	2,244
– Independent Third Parties	24,127	12,351	14,089
	66,767	69,123	81,525
Community events planning services			
– Dima Group	10,910	9,410	16,773
– Affiliated Companies	3,929	2,307	2,853
– Independent Third Parties	690	10,506	8,829
	15,529	22,223	28,455

	Year ended 31 December		
	2019	2020	2021
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Property agency services			
– Dima Group	–	–	–
– Affiliated Companies	–	–	–
– Independent Third Parties	6,836	12,582	18,962
	6,836	12,582	18,962
Public resources management services			
– Dima Group	–	–	–
– Affiliated Companies	–	–	–
– Independent Third Parties	8,169	7,041	7,123
	8,169	7,041	7,123
Utility maintenance services			
– Dima Group	34	870	400
– Affiliated Companies	11	17	5
– Independent Third Parties	4,934	4,612	9,436
	4,979	5,499	9,841
Renovation waste treatment			
– Dima Group	62	–	–
– Affiliated Companies	–	–	–
– Independent Third Parties	7,044	3,878	3,324
	7,106	3,878	3,324
Others*(Note)*			
– Dima Group	94	151	263
– Affiliated Companies	–	–	–
– Independent Third Parties	15,009	14,124	41,811
	15,103	14,275	42,074
Total	175,474	204,797	286,851

Note: Others include, among others, provisions of community conveniences services and other ancillary services such as cleaning and mechanical maintenance.

Our revenue generated from car parking space management services derived from (i) Dima Group increased from approximately RMB14.1 million in 2019 to approximately RMB15.2 million in 2020 and further to approximately RMB22.4 million in 2021 due to the continuous increase in the number of property projects under our management which led to the increase in the relevant revenue derived from our management of vacant car parking spaces within such property projects; (ii) Affiliated Companies increased from approximately RMB0.3 million in 2019 to approximately RMB0.9 million in 2020 due to the engagement of two new property projects of Affiliated Companies in 2020, and further increased to approximately RMB3.5 million due to the increase in the number of property projects sourced from Affiliated Companies that we managed in 2021; and (iii) Independent Third Parties increased from approximately RMB36.6 million in 2019 to approximately RMB54.0 million in 2020 and further to approximately RMB69.6 million in 2021 due to the increase in the number of property projects sourced from Independent Third Parties that we managed during the Track Record Period.

Our revenue generated from car parking spaces and property sales services derived from (i) Dima Group increased from approximately RMB42.6 million in 2019 to approximately RMB56.6 million in 2020 and from approximately RMB65.2 million in 2021 due to our effort in developing car parking spaces and property sales services since 2019; (ii) Affiliated Companies increased from approximately RMB7,000 in 2019 to approximately RMB0.2 million in 2020 and further to approximately RMB2.2 million in 2021 due to the same reason; and (iii) Independent Third Parties increased from approximately RMB24.1 million in 2019 and decreased to approximately RMB12.4 million in 2020 and increased from approximately RMB12.4 million in 2020 to approximately RMB14.1 million in 2021 which was in-line with normal sales cycle of the car parking spaces in Wuhan which we purchased from property developers in 2018 for subsequent sales, where the sales volume being higher when we commenced the sale of such car parking spaces in 2018, and the relevant sales reached its peak in 2019 and gradually decreased in 2020 and 2021. Our revenue generated from car parking spaces and property sales services derived from Independent Third Parties slightly increased from 2020 to 2021 as the sales volume of the car parking spaces in Wuhan increased as a result of our strengthened marketing strategies and extended promotional efforts.

Our revenue generated from community events planning services derived from (i) Dima Group increased from approximately RMB10.9 million in 2019 to approximately RMB16.8 million in 2021 due to the steady development of our community events planning business which was only started in 2018; (ii) Affiliated Companies decreased from approximately RMB3.9 million in 2019 to RMB2.3 million in 2020, mainly because of completion of certain community events planning services derived from Affiliated Companies in 2019, which were non-recurring in 2020; revenue derived from community events planning services remained stable between 2020 and 2021; and (iii) Independent Third Parties increased from approximately RMB0.7 million in 2019 to approximately RMB10.5 million in 2020 due to the new engagement of a customer in 2020 in relation to the provision of services such as brand building, annual event planning and community cultural events and activities planning services. The revenue derived from community events planning services for Independent Third

Parties decreased from approximately RMB10.5 million in 2020 to approximately RMB8.8 million in 2021 is primarily due to completion of our engagement of community events planning services for a customer during 2020 and not recurring in 2021.

Our revenue generated from property agency services derived from Independent Third Party increased from approximately RMB6.8 million in 2019 to approximately RMB19.0 million in 2021 due to the establishment of our property agency outlets and the increase in the number of our property service points during the Track Record Period.

Our revenue derived from public resources management services provided to Independent Third Parties decreased from approximately RMB8.2 million in 2019 to approximately RMB7.0 million in 2020. The decrease in revenue between 2019 and 2020 was due to the disruption of public resources management services caused by the outbreak of COVID-19. Revenue derived from public resources management services provided to Independent Third Parties remained stable between 2020 and 2021.

Our revenue generated from utility maintenance services derived from Dima Group increased from approximately RMB34,000 in 2019 and increased to approximately RMB0.9 million in 2020 and decreased to approximately RMB0.4 million in 2021. A significant portion of the revenue generated from utility maintenance services derived from Dima Group involved electricity fees incurred during certain temporary finishing construction works conducted by Dima Group immediately before the delivery of its properties to residents. Since the number and duration of such temporary finishing construction works varied from project to project based on the conditions and the progress of individual property projects, the relevant revenue generated fluctuated during the Track Record Period. The revenue generated from utility maintenance services derived from Independent Third Parties increased from approximately RMB4.9 million in 2019 to approximately RMB9.4 million in 2021 due to the increase in the number of commercial property projects of Independent Third Parties managed by us, which we charged relevant utility fees from tenants. Such revenue showed a decreasing trend between 2019 and 2020 as we offered reduction in the relevant utility fees from tenants since 2020.

Our revenue generated from renovation waste treatment services derived from Independent Third Parties decreased from approximately RMB7.1 million in 2019 to approximately RMB3.9 million in 2020 due to the increase in the number of residents which required our provision of renovation waste treatment services in 2019. Our revenue generated from renovation waste treatment services derived from Independent Third Parties remained stable between 2020 and 2021.

Value-added services to non-property owners

Our value-added services provided to non-property owners primarily include (i) sales assistance services which primarily include cleaning, security, maintenance of display units, visitor management and hospitability services; (ii) maintenance and renovation services; (iii) pre-delivery consultancy services which cover preliminary stages of property development from consultancy and inspection services; and (iv) additional tailored services, which include, among others, preliminary sales and delivery assistance, and consultancy and trainings regarding property repair and security. The following table sets out a breakdown of our revenue generated from value-added services to non-property owners by service type for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Sales assistance services	68,939	54.6	82,062	38.6	101,523	36.6
Maintenance and renovation services	14,174	11.2	67,856	31.9	63,594	22.9
Pre-delivery consultancy and inspection services	28,335	22.4	44,138	20.8	54,621	19.7
Additional tailored services*(Note)*	14,948	11.8	18,583	8.7	57,806	20.8
	126,396	100.0	212,639	100.0	277,544	100.0

Note Additional tailored service refers to the services provided to property developers, such as preliminary sales and delivery assistance, and consultancy and trainings regarding property repair and security, directly to such customers as may be required by them for their properties or in relation to particular areas or facilities of their properties.

Our revenue generated from value-added services to non-property owners increased from approximately RMB126.4 million in 2019, and to approximately RMB212.6 million in 2020, mainly due to (i) the increase in revenue derived from maintenance and renovation services driven by certain repairing services provided to customers whose properties were damaged by flooding in Chongqing in the second half of 2020 and a number of new engagements for certain renovation waste treatment work provided to property developers; (ii) the increase in revenue derived from pre-delivery consultancy and inspection services resulting from the increase in number of pre-delivery consultancy and inspection service agreements we entered into with Dima Group, which had an increasing number of residential property projects delivered to residents; and (iii) the increase in revenue derived from sales assistance services resulting from the increase in number of sales assistance service agreements we entered into with Dima Group who had an increasing number of residential property projects opened for sale.

The revenue derived from additional tailored services increased substantially in 2020, primarily driven by the continuous increase in number of residential properties delivered by Affiliated Companies.

Our revenue generated from value-added services to non-property owners increased from approximately RMB212.6 million in 2020 to approximately RMB277.5 million in 2021, mainly due to the combined effect of (i) the increase in revenue derived from various value-added services to non-property owners in 2021, in particular from additional tailored services derived from Independent Third Parties in relation to the provision of washing and disinfection of medical fabrics and provision of medical-related necessities in hospital resulting from our acquisition of Shengkang Group which was completed in 2020; and the sales assistance services resulting from the continuous increase in number of sales assistance service agreements we entered into with Dima Group which increased the number of residential property projects opened for sale; and (ii) the temporary lockdown measures implemented by PRC government due to the outbreak of COVID-19 in the first half of 2020, which adversely impacted our revenue derived from our various value-added services to non-property owners in 2020.

The following table sets out the breakdown of revenue derived from each service type of value added services for non-property owners by types of customers during the Track Record Period:

	Year ended 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Sales assistance services			
– Dima Group	46,005	58,640	75,023
– Affiliated Companies	19,755	17,459	18,726
– Independent Third Parties	3,179	5,963	7,774
	68,939	82,062	101,523
Maintenance and renovation services			
– Dima Group	12,833	60,043	54,180
– Affiliated Companies	1,238	4,039	5,748
– Independent Third Parties	103	3,774	3,666
	14,174	67,856	63,594
Pre-delivery consultancy and inspection services			
– Dima Group	20,018	27,637	24,939
– Affiliated Companies	7,750	8,941	4,503
– Independent Third Parties	567	7,560	25,179
	28,335	44,138	54,621
Additional tailored services			
– Dima Group	9,745	9,529	27,952
– Affiliated Companies	4,792	8,043	6,727
– Independent Third Parties	411	1,011	23,127
	14,948	18,583	57,806
Total	126,396	212,639	277,544

Benefited from the continuous increase in the number of residential properties developed by Dima Group which were opened for sale, our revenue generated from sales assistance services derived from Dima Group increased from approximately RMB46.0 million in 2019 to approximately RMB58.6 million in 2020 and further to approximately RMB75.0 million in 2021. Revenue derived from Affiliated Companies decreased from approximately RMB19.8 million in 2019 to approximately RMB17.5 million in 2020 since a portion of the properties available for sales in 2020 which we provided sales assistance services first commenced its sale in 2019 and the sales activities of these property projects were in their mid-to-final stage, relevant demand for manpower for sales assistance services gradually decreased in 2020. Revenue derived from Affiliated Companies slightly increased from approximately RMB17.5 million in 2020 to approximately RMB18.7 million in 2021 as a result of the increase in number of property projects which we provided sales assistance services due to our effort in expanding our sales assistance services to Affiliated Companies. Our revenue generated from sales assistance services derived from Independent Third Parties increased from approximately RMB3.2 million in 2019 to approximately RMB6.0 million in 2020 and further to approximately RMB7.8 million due to our effort in expanding our sales assistance services to Independent Third Parties property developers.

Our revenue generated from maintenance and renovation services derived from Dima Group increased from approximately RMB12.8 million in 2019 to approximately RMB60.0 million in 2020. Such increase was mainly driven by (i) certain repairing services provided to customers whose properties were damaged by flooding in Chongqing in the second half of 2020; and (ii) a number of new engagements for certain renovation waste treatment work provided to property developers. Our revenue generated from maintenance and renovation services derived from Dima Group decreased in 2021 mainly due to completion of repairing services provided to customers whose properties were damaged by flooding in Chongqing in the second half of 2020, which were non-recurring. The increase in revenue derived from Independent Third Parties between 2019 and 2020 was due to the increase in Independent Third Party customers after the establishment of Chongqing Chengfang in 2019, which specialises in the provision of renovation services. Our revenue derived from Independent Third Parties remained stable in 2020 and 2021.

Our revenue generated from pre-delivery consultancy and inspection services derived from Dima Group increased from approximately RMB20.0 million in 2019 to approximately RMB27.6 million in 2020. Such increase was mainly driven by the increase in the number of residential properties delivered by Dima Group. The revenue generated from pre-delivery consultancy and inspection services derived from Dima Group decreased slightly from approximately RMB27.6 million in 2020 to approximately RMB24.9 million in 2021 due to completion of a number of property projects in 2020 which were non-recurring. The increase in revenue derived from Independent Third Parties from approximately RMB0.6 million in 2019 to approximately RMB7.6 million in 2020 and further to approximately RMB25.2 million in 2021 was due to our effort in developing our pre-delivery consultancy and inspection services and the establishment of our subsidiary which specialises in the provision of pre-delivery consultancy and inspection services since July 2019.

Our revenue generated from additional tailored services derived from Dima Group increased from approximately RMB9.7 million in 2019 to approximately RMB28.0 million in 2021, primarily resulting from the increase in revenue derived from preliminary sales and delivery assistance services, and consultancy and trainings regarding property repair and security driven by the increase in number of residential properties developed and delivered by Dima Group to residents during the Track Record Period, which was driven by the increase in number of property projects developed and delivered by Dima Group which engaged our services. Our revenue generated from additional tailored services derived from Affiliated Companies increased from approximately RMB4.8 million in 2019 to approximately RMB8.0 million in 2020 due to the increase in the number of property projects developed and delivered by Affiliated Companies which engaged our services. Our revenue generated from additional tailored services derived from Affiliated Companies decreased in 2021 mainly due to completion of our services provided to certain property projects developed and delivered by Affiliated Companies in 2020, and that there was a decrease in the number of property projects developed and delivered by Affiliated Companies which engaged our additional tailored services. Our revenue generated from additional tailored services derived from Independent Third Parties increased from approximately RMB0.4 million in 2019 to approximately RMB1.0 million in 2020 and further to approximately RMB23.1 million in 2021 due to (i) the commencement of our provision of preliminary sales and delivery assistance services to Independent Third Parties since 2020; and (ii) the provision of washing and disinfection of medical fabrics and provision of medical-related necessities in hospitals resulting from our acquisition of Shengkang Group in late 2020.

Cost of sales

Our cost of sales represents costs and expenses directly attributable to the provision of our services, which mainly comprise (i) employee benefit expenses of our on-site directly providing property management services and value-added services; and (ii) subcontracting costs for outsourced services such as security, cleaning, landscaping etc.. The following table sets out the breakdown of cost of sales by expense nature for the periods indicated:

	Year ended 31 December					
	2019		**2020**		**2021**	
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Employee benefit expenses	212,508	49.8	240,671	43.7	380,912	43.1
Subcontracting cost	110,158	25.8	162,276	29.5	311,925	35.1
Maintenance and engineering expenses	7,973	1.9	38,151	6.9	31,179	3.5
Utilities expenses(1)	25,940	6.1	34,844	6.2	36,946	4.2
Cost of consumables	17,521	4.1	16,915	3.1	42,604	4.8
Short-term leases and leases of low-valued assets	8,689	2.0	11,284	2.0	10,259	1.2
Parking lot costs(2)	13,090	3.1	7,002	1.2	6,398	0.7
Professional expenses(3)	2,224	0.5	4,268	0.8	9,296	1.1

	Year ended 31 December					
	2019		2020		2021	
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Travel and entertainment expenses	4,727	1.1	3,768	0.7	5,754	0.7
Community activity expenses	5,547	1.3	3,764	0.7	3,561	0.4
Depreciation	1,643	0.4	3,218	0.6	5,270	0.6
Others[4]	16,444	3.9	24,652	4.6	40,396	4.6
Total	426,464	100.0	550,813	100.0	884,500	100.0

Notes:

(1) Utilities expenses include, among others, the electricity expenses for property projects under management, water fees and garbage disposal fees during the Track Record Period.

(2) Parking lot costs primarily represented the costs of the car parking spaces which were sold in the respective year during the Track Record Period.

(3) Professional expenses include, among others, event planning services fees, technical consultancy fees, and network and software services fees.

(4) Others refer to miscellaneous expenses such as office expense, costs incurred for expenses on labour protection, materials and third parties liabilities insurance.

During the Track Record Period, the key factors affecting our cost of sales were employee benefit expenses and subcontracting costs. Our employee benefit expenses mainly relate to the salaries and benefits paid to our staff for engaging in provision of property management services. The increase in our employee benefit expenses during the Track Record Period was primarily driven by the increase in (i) average staff costs; and (ii) headcount to support the increase in (a) number of property projects under our management; and (b) the GFA under management resulting from our business expansion and acquisitions during the Track Record Period. The increase in our subcontracting costs during the Track Record Period was mainly because we outsourced relatively more labour-intensive security services and cleaning services to third-party subcontractors as part of our cost control measures.

As the property management industry is labour intensive, a substantial portion of our cost of sales during the Track Record Period were employee benefit expenses, which were variable in nature and would vary depending on the fluctuations in, among others, our GFA under management. We do not involve significant fixed assets for the service provision, our cost of sales during the Track Record Period only comprised immaterial depreciation and amortisation expenses, which accounted for less than 1.0% of our total cost of sales for each of the three years ended 31 December 2021. We therefore consider substantially all of our cost of sales during the Track Record Period were direct and variable costs and would generally increase as a result of an increase in our total GFA under management and number of property projects. Please refer to the paragraph headed "Factors affecting our financial condition and results of operation – Pricing, branding and market position" in this section above for a sensitivity analysis of our cost of sales, as well as revenue and profit for the periods indicated with reference to the fluctuation of employee benefit expenses and subcontracting costs during the Track Record Period.

The continuous increase in others from 2019 to 2021 was primarily due to our continuous expansion of business whereby our number of employees of our Group continued to increase.

The following table sets out the breakdown of cost of sales by business line for the periods indicated:

	Year ended 31 December					
	2019		**2020**		**2021**	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Property management services	211,949	49.7	267,277	48.5	483,468	54.7
Community value-added services	120,309	28.2	134,142	24.4	201,583	22.8
Value-added services to non-property owners	94,206	22.1	149,394	27.1	199,449	22.5
Total	426,464	100.0	550,813	100.0	884,500	100.0

The cost of sales for each business line has increased continuously during the Track Record Period. The cost of sales incurred for property management services and community value-added services increased at a relatively slower pace than that of the revenue derived from property management services and community value-added services. It was primarily due to (i) the deduction or exemption of payment of social insurance contributions as a result of the regulatory supportive policies issued by the local governments in response to the COVID-19 outbreak; and (ii) the implementation of our cost control measures and the reduced demands of our daily services in early 2020 because of temporary lockdown measures implemented by PRC government due to the outbreak of COVID-19.

Gross profit and gross profit margin

The following table sets out the breakdown of our gross profit and gross profit margin by business line for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Property management services	45,335	17.6	82,089	23.5	145,560	23.1
Community value-added services	55,165	31.4	70,655	34.5	85,268	29.7
Value-added services to non-property owners	32,190	25.5	63,245	29.7	78,095	28.1
Overall	132,690	23.7	215,989	28.2	308,923	25.9

Our gross profit for the three years ended 31 December 2021 amounted to approximately RMB132.7 million, RMB216.0 million and RMB308.9 million, respectively. Gross profit for our property management services increased by approximately 81.1% between 2019 and 2020, and approximately 77.3% between 2020 and 2021, primarily due to (i) increase in revenue for property management services as a result of our business expansion, in particular increase in GFA under management in (a) Chongqing, Shanghai, Zheijiang Province, Jiangsu Province and Beijing between 2019 and 2020; and (b) Shanghai, Jiangsu Province and Beijing between 2020 and 2021; and (ii) diversification of our property portfolio by increasing the number of non-residential properties, which generally have higher property management fees rate per sq.m. than the same for residential properties, in particular for new engagement of property management services provided with respect to newly developed property projects with commercial facilities which we charged relatively higher property management fees rate on average for such property projects.

Gross profit for our community value-added services increased by approximately 28.1% between 2019 and 2020, primarily due to the increase in the revenue from community value-added services during same period, especially in car parking spaces management services with our increased effort in expanding such business. Gross profit for our community value-added services increased by approximately 20.7% between 2020 and 2021, mainly due to the increase in the revenue from community value-added services during same period driven by the continuous increase in revenue derived from car parking spaces management services and car parking spaces and property sales services resulting from the increase in number of commercial properties, office buildings and car parking spaces sold.

Gross profit for our value-added services to non-property owners increased by 96.3% between 2019 and 2020, mainly due to our overall business growth, especially in the significant growth in maintenance and renovation services and pre-delivery consultancy and inspection services. In particular between 2019 and 2020, there was renewal of certain sales assistance services agreements in 2020, which we increased the service fees rate charged for such services, with an aim to cover the increment of labour costs as discussed in the section headed "Financial information – Major items in the consolidated statements of comprehensive income – Cost of sales" in this prospectus. Gross profit for our value-added services to non-property owners increased by approximately 23.5% between 2020 and 2021, primarily due to the increase in the revenue from various value-added services to non-property owners during the same period, in particular, the increase in revenue from (i) sales assistance services resulting from the continuous increase in number of sales assistance service agreements we entered into with Dima Group which had an increasing number of residential property projects opened for sale; and (ii) additional tailored services in relation to the provision of washing and disinfection of medical fabrics and provision of medical-related necessities in hospitals resulting from our acquisition of Shengkang Group, which was completed in late 2020.

During the same periods, we recorded gross profit margin of approximately 23.7%, 28.2% and 25.9%, respectively. Our overall gross profit margins are affected by gross profit margins for each of our business lines and the fluctuations in our service mix. The gross profit margins for our value-added services to non-property owners and for our community value-added services were relatively higher than that of the property management services, which was relatively more labour-intensive in nature. The upward trend of the overall gross profit margins during the two years ended 31 December 2020 primarily reflected the increase in our business scale and our implementation of cost effective measures. Our overall gross profit margin decreased from 2020 to 2021 mainly due to the decrease in gross profit margin for our community value-added services as a result of (i) the decrease in proportion of gross profit generated from property sales services in 2021, which typically generated a relatively higher gross profit margin than other community value-added services; and (ii) the decrease in gross profit margin of our community events planning services resulting from the incurring of additional upfront costs regarding the development and other one-off expenses, including site renovation, refurbishment and training-related preparation costs, in relation to new social and leisure activities, parent-children activities and various training for residents of properties that we managed in Chongqing in 2021.

Property management services

Gross profit margin for our property management services is largely affected by the combined effect of the average property management fees rate per sq.m. per month we charge for our property management services and our cost of sales per sq.m. per period (which is usually charged on a monthly basis) for providing such services. The average property management fees that we charge for property management services amounted to RMB2.94 per sq.m. per month and RMB3.38 per sq.m. per month in 2019 and 2020, respectively. Our gross profit margin for property management services increased from approximately 17.6% in 2019 and further increased to approximately 23.5% in 2020, primarily benefited from (i) increase in average property management fees rate that we charged for property management services during the Track Record Period; and (ii) our implementation of cost control measures, including outsourcing of certain labour-intensive services.

Our gross profit margin for property management services remained stable in 2020 and 2021.

The following table sets out our gross profit and gross profit margin from property management services by source of property projects for the periods indicated:

	Year ended 31 December					
	2019		2020		2021	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Dima Group	40,283	18.0	65,228	24.1	76,571	23.5
Affiliated Companies	4,096	23.8	7,230	27.8	9,333	26.3
Independent Third Parties	956	6.1	9,631	18.2	59,656	22.3
Total/Overall	45,335	17.6	82,089	23.5	145,560	23.1

Our gross profit margin for property management services provided with respect to property projects sourced from Dima Group and Affiliated Companies were, in general, higher than that for the property projects sourced from Independent Third Parties, mainly because (i) a substantial portion of our revenue derived from property management services provided with respect to property projects sourced from Dima Group and Affiliated Companies were for newly developed properties and/or located in cities, including Chongqing, Sichuan Province and Shanghai, which we charged relatively higher property management fees rate on average for such property projects; while our revenue derived from property management services provided with respect to property projects sourced from Independent Third Parties were mainly for aged property projects and located in relatively remote districts, which we charged relatively low property management fees rate on average for such property projects; and (ii) the property projects sourced from Dima Group and Affiliated Companies were of relatively large scale and centralised forming small districts, and that we achieved economies of scale primarily by adopting "small district management" principle in such property projects. Under "small district management" principle, our project managers would oversee and manage a number of property projects within the small district which we could better allocate our manpower so as to lower our costs; while the property projects sourced from Independent Third Parties were in small scale or a single building that are scattered in different regions which we were not able to adopt "small district management" principle.

The increasing trend of our gross profit margin for property management services provided with respect to property projects sourced from Dima Group and Affiliated Companies during the two years ended 31 December 2020 was primarily due to the increase in revenue resulting from (i) new engagement of property management services provided with respect to newly developed property projects with commercial facilities which we charged relatively higher property management fees rate on average for such property projects; and (ii) the decrease in the unsold or vacant property units under our management which we, in general, offered discount on the property management fees to such property units; and coupled with the decrease in cost of sales as aforementioned. The gross profit margin for property management services provided with respect to property projects sourced from Dima Group and Affiliated Companies decreased between 2020 and 2021 mainly because (i) the deduction or exemption of payment of social insurance contributions as a result of the regulatory supportive policies issued by the local governments in response to the COVID-19 in 2020 was not available in 2021; and (ii) the majority of the residential property projects that we sourced from Dima Group and Affiliated Companies in 2021 were generally located in second-tier, third- and fourth-tier cities in China that we charged a relatively lower property management fees rate in general.

We generated gross profit margin at approximately 6.1% in 2019 and further increased to approximately 18.2% in 2020, which was primarily driven by a number of residential property projects sourced from Independent Third Parties that delivered for our management. Such residential property projects feature commercial facilities as part of their respective GFA and are located in second-tier cities in the PRC, such as Chongqing, that we charged a relatively higher property management fees, as compared with our other residential property projects sourced from Independent Third Parties.

The following table sets out our gross profit and gross profit margin from property management services by property types for the period indicated:

	Year ended 31 December					
	2019		**2020**		**2021**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Residential properties	32,029	16.6	62,939	23.1	85,987	23.5
Non-residential properties	13,306	20.9	19,150	24.8	59,573	22.7
Total	45,335	17.6	82,089	23.5	145,560	23.1

The increasing trend of the gross profits for property management services provided with respect to residential properties and non-residential properties during the two years ended 31 December 2020 were primarily driven by the increase in the revenue derived from property management services as abovementioned.

The increase in gross profit margins for property management services provided with respect to residential properties during the two years ended 31 December 2020 were mainly due to the increase in revenue resulting from (i) the increase in average property management fees rate we charged resulting from (a) new engagement of property management services provided with respect to newly developed residential property projects with commercial facilities, which located in Shanghai and Chengdu; and (b) the decrease in unsold or vacant residential property units under our management which we, in general, offered discount on the property management fees to such property units; coupled with the decrease in cost of sales as aforementioned, in particular the deduction or exemption of payment of social insurance contributions as a result of the regulatory supportive policies issued by the local governments in response to the COVID-19 in 2020, which had a larger impact on the relevant labour costs in relation to our provision of property management services provided with respect to residential properties since they are typically more labour intensive than that of non-residential properties. The gross profit margins for property management services provided with respect to residential properties from 2020 to 2021 remained stable.

The increase in gross profit margins for property management services provided with respect to non-residential properties during the two years ended 31 December 2020 were mainly due to the increase in average property management fees rate we charged resulting from the provision of our property management services with respect to commercial property projects, including commercial complexes located in Chongqing and Chengdu. The gross profit margins for property management services provided with respect to non-residential properties decreased from 2020 to 2021 mainly because of the decrease in average property management fees rates we charged for non-residential properties resulting from (i) the lower fee charged by us for the commercial complex in Chongqing after its commencement of operation as we reduced our manpower and resources allocated to such property project; (ii) the discount to the property management fees rate given by us, which represented (a) about a one-third discount to property management fees rate for a notable tenant operating supermarket; and (b) waiver of one to three months of monthly property management fees rate for tenants during their respective renovation period, which amounted to approximately RMB400,000 in aggregate to certain tenants in a commercial complex in Chongqing pursuant to the relevant promotion strategies to attract notable tenants; and (iii) the increase in the number of non-residential property projects we sourced from Independent Third Parties as compared with that in the year ended 31 December 2020 and the majority of such property projects were located in third- and fourth-tier cities that we charged a relatively lower property management fees rate in general, which decreased the overall property management fees rate for non-residential properties in 2021 as compared with that of the year ended 31 December 2020.

Community value-added services

The following table sets out the gross profit and gross profit margin derived from each service type of community value added services by types of customers during the Track Record Period:

	Year ended 31 December					
	2019		2020		2021	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Car parking space management services						
– Dima Group	2,471	17.6	3,550	23.4	5,187	23.1
– Affiliated Companies	51	17.6	227	23.4	811	23.3
– Independent Third Parties	6,461	17.6	12,712	23.5	16,112	23.1
	8,983	17.6	16,489	23.5	22,110	23.1
Car parking spaces and property sales services						
– Dima Group	20,221	47.4	28,613	50.6	30,322	46.5
– Affiliated Companies	3	49.1	95	50.6	1,041	46.4
– Independent Third Parties	11,427	47.4	6,299	51.0	6,584	46.7
	31,651	47.4	35,007	50.6	37,947	46.6
Community events planning services						
– Dima Group	2,100	19.3	2,878	30.6	3,145	18.8
– Affiliated Companies	756	19.2	707	30.6	531	18.6
– Independent Third Parties	132	19.1	3,213	30.6	1,650	18.7
	2,988	19.2	6,798	30.6	5,326	18.7
Property agency services						
– Dima Group	–	–	–	–	–	–
– Affiliated Companies	–	–	–	–	–	–
– Independent Third Parties	853	12.5	3,282	26.1	4,869	25.7
	853	12.5	3,282	26.1	4,869	25.7

	Year ended 31 December					
	2019		2020		2021	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Public resources management services						
– Dima Group	–	–	–	–	–	–
– Affiliated Companies	–	–	–	–	–	–
– Independent Third Parties	4,507	55.2	3,843	54.6	3,831	53.8
	4,507	55.2	3,843	54.6	3,831	53.8
Utility maintenance services						
– Dima Group	5	15.1	137	15.7	61	15.3
– Affiliated Companies	2	10.6	1	7.8	–	–
– Independent Third Parties	728	14.8	727	15.8	1,434	15.2
	735	14.7	865	15.7	1,495	15.2
Renovation waste treatment						
– Dima Group	2	2.8	–	–	–	–
– Affiliated Companies	–	–	–	–	–	–
– Independent Third Parties	293	4.1	259	6.7	216	6.5
	295	4.2	259	6.7	216	6.5
Others *(Note)*						
– Dima Group	2	2.1	3	2.1	50	19.0
– Affiliated Companies	–	–	–	–	–	–
– Independent Third Parties	5,151	34.3	4,109	29.1	9,424	22.5
	5,153	34.1	4,112	28.8	9,474	22.5
Total/overall	55,165	31.4	70,655	34.5	85,268	29.7

Note: Others include, among others, provisions of community conveniences services and other ancillary services such as cleaning and mechanical maintenance.

Our gross profit from community value-added services increased from approximately RMB55.2 million in 2019 to approximately RMB70.7 million in 2020, mainly due to the increase in the revenue from community value-added services during same period, especially in car parking spaces management services with our increased effort in expanding such business.

Our gross profit from community value-added services increased from approximately RMB70.7 million in 2020 to approximately RMB85.3 million in 2021, mainly due to the increase in the revenue from community value-added services during same period driven by the continuous increase in revenue derived from car parking spaces management services and car parking spaces and property sales services resulting from the increase in number of commercial properties, office buildings and car parking spaces sold.

Our gross profit margin for our community value-added services amounted to approximately 31.4% and 34.5% during the two years ended 31 December 2020, respectively. The increasing trend of our gross profit margin for community value-added services provided was mainly driven by (i) the increase in the proportion of gross profit generated from car parking spaces and property sales services during the two years ended 31 December 2020, which typically generated a relatively higher gross profit margin than other community value-added services, resulting from the increase in number of commercial properties, office buildings and car parking spaces sold; (ii) the increase in gross profit margin for car parking spaces management services provided during the two years ended 31 December 2020, resulting from the increase in revenue mainly driven by the increase in the number of car parking spaces in residential property projects that delivered for our management; and (iii) the increase in our gross profit margin for community events planning services during the two years ended 31 December 2020, which amounted to approximately 19.3% and 30.6%, respectively, which was a result from the gradual development in our community event planning business which was commenced in 2018. Such trend was in line with the increase in revenue generated from property management services provided with respect to residential property projects. We recorded an increasing trend for the gross profit margin for renovation waste treatment services during two years ended 31 December 2020 due to the increase in bargaining power of our Group brought by the expansion of our Group. Our gross profit margin for other community value-added services decreased from approximately 34.1% to 28.8% between 2019 and 2020 due to the decrease in the gross profit margin of community convenience services resulted from the increase in contribution of revenue from services such as group purchase services, which specially derive relatively lower gross profit margin as compared with other community convenience services.

Our gross profit margin for our community value-added services decreased from approximately 34.5% in 2020 to 29.7% in 2021. The decreasing gross profit margin for community value-added services provided was mainly driven by (i) the decrease in proportion of gross profit generated from property sales services in 2021, which typically generated a relatively higher gross profit margin than other community value-added services; and (ii) the decrease in gross profit margin of our community events planning services resulting from the incurring of additional upfront costs regarding the development and other one-off expenses, including site renovation, refurbishment and training-related preparation costs, in relation to new social and leisure activities, parent-children activities and various training for residents of properties that we managed in Chongqing in 2021.

The significant increase of gross profit margin for community value-added services derived from Dima Group from 2019 to 2020 was primarily due to the increase in (i) the gross profit margin of our car parking spaces management services primarily due to the increase in the number of car parking spaces in residential property projects that were delivered for our management; and (ii) the gross profit margin derived from our car parking spaces and property sales services with more car parking spaces and property developed by Dima Group and delegated to us for sale in 2020.

The improvement in gross profit margin for community value-added services derived from Affiliated Companies from 2019 to a gross profit margin of approximately 29.6% in 2020 was primarily due to the continuous expansion of our community events planning services. As we gradually expanded our community value-added services in 2019 and 2020, we continued to provide community value-added services for more property projects under our management in the same district with the existing management staff, resulting in the continuous improvement of the relevant gross profit margin.

During the Track Record Period, the gross profit margin of community value-added services provided to Dima Group is higher than that of those provided to Independent Third Parties due to the higher gross profit margin derived from car parking space and property sales services provided to owners of the property projects developed by Dima Group. More revenue derived from community value-added services being contributed by Independent Third Parties during the Track Record Period demonstrated that we have been diversifying our customer base for our provision of community value-added services. As we are (i) actively seeking more business opportunities with Independent Third Party property developers to undertake more car parking space and property sales services, which are generally with higher gross profit margin; and (ii) have been expanding the scope and frequency of provision of our public resources management services and community conveniences services to improve our gross margin, our Directors are of the view that our gross profit margin would be sustainable despite the portion of services generated from Dima Group would decrease in the future.

Value-added services to non-property owners

The following table sets out the breakdown of gross profit and gross profit margin derived from each service type of value added services for non-property owners by types of customers during the Track Record Period:

	Year ended 31 December					
	2019		2020		2021	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Sales assistance services						
– Dima Group	11,081	24.1	18,091	30.9	22,289	29.7
– Affiliated Companies	4,757	24.1	5,384	30.8	5,571	29.8
– Independent Third Parties	764	24.0	1,834	30.8	2,316	29.8
	16,602	24.1	25,309	30.8	30,176	29.7
Maintenance and renovation services						
– Dima Group	3,146	24.5	14,471	24.1	11,533	21.3
– Affiliated Companies	304	24.5	1,012	25.1	1,221	21.2
– Independent Third Parties	25	24.3	907	24.0	770	21.0
	3,475	24.5	16,390	24.2	13,524	21.3
Pre-delivery consultancy and inspection services						
– Dima Group	5,774	28.8	10,057	36.4	8,217	33.0
– Affiliated Companies	2,235	28.8	3,251	36.4	1,489	33.1
– Independent Third Parties	164	29.0	2,750	36.4	8,343	33.1
	8,173	28.8	16,058	36.4	18,049	33.0
Additional tailored services						
– Dima Group	2,567	26.3	2,838	29.8	7,927	28.4
– Affiliated Companies	1,264	26.4	2,342	29.1	1,899	28.2
– Independent Third Parties	109	26.7	308	30.5	6,520	28.2
	3,940	26.4	5,488	29.5	16,346	28.3
Total	32,190	25.5	63,245	29.7	78,095	28.1

Our gross profit from value-added services to non-property owners increased from approximately RMB32.2 million in 2019 to approximately RMB63.2 million in 2020, mainly due to our overall business growth, especially in the significant growth in maintenance and renovation services and pre-delivery consultancy and inspection services. Gross profit margin for our value-added services to non-property owners was approximately 25.5% and 29.7% for the two years ended 31 December 2020, respectively. The increase in our gross profit margin for value-added services provided to non-property owners in 2020 comparing to that in 2019 was mainly due to the renewal of certain sales assistance services agreements in 2020 which we increased the service fees rate charged for such services, with an aim to cover the increment of labour costs as abovementioned. We recorded an overall increasing trend in the gross profit margin for additional tailored services during the Track Record Period due to the increase in revenue derived from the start-up fees of new property management projects.

Our gross profit from value-added services to non-property owners increased from approximately RMB63.2 million in 2020 to approximately RMB78.1 million in 2021, mainly due to the increase in the revenue from various value-added services to non-property owners during the same period, in particular, the increase in revenue from sales assistance services resulting from the continuous increase in number of sales assistance service agreements we entered into with Dima Group which had an increasing number of residential property projects opened for sale; and the increase in revenue derived from additional tailored services in relation to the provision of washing and disinfection of medical fabrics and provision of medical-related necessities in hospitals resulting from our acquisition of Shengkang Group, which was completed in late 2020.

Our gross profit margin for value-added services to non-property owners decreased from approximately 29.7% in 2020 to 28.1% in 2021. The decrease in gross profit margin was mainly due to the increase in proportion of gross profit generated from the provision of washing and disinfection of medical fabrics and provision of medical-related necessities in hospitals after the acquisition of Shengkang Group at the end of December 2020, which typically generated a relatively lower gross profit margin than other value-added services to non-property owners.

Selling and marketing expenses

Our selling and marketing expenses primarily consist of our promotion expenses and employee benefit expenses. During the Track Record Period, the key factor affecting our promotion expenses were the channels and frequency of our promotion activities, while the key factors affecting our employee benefit expenses were the number of our sales and marketing staff. For the three years ended 31 December 2021, our selling and marketing expenses were approximately RMB17.2 million, RMB23.5 million and RMB27.8 million, respectively. Our selling and marketing expenses continuously increased during the Track Record Period, primarily due to the increased marketing activities which was in line with our business expansion strategy. The following table sets out a breakdown of our selling and marketing expenses during the periods indicated:

	Year ended 31 December					
	2019		**2020**		**2021**	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Employee benefit expenses	6,318	36.7	15,059	64.1	17,799	64.1
Promotion expenses	8,951	52.1	5,207	22.2	3,503	12.6
Travel and entertainment expenses	1,219	7.1	1,794	7.6	2,669	9.6
Depreciation of property, plant and equipment	8	0.0	29	0.1	34	0.1
Others[(Note)]	708	4.1	1,408	6.0	3,766	13.6
Total	17,204	100.0	23,497	100.0	27,771	100.00

Note: Others include, among others, insurance expenses, commission agency fee and maintenance expenses.

Administrative expenses

Our administrative expenses mainly consist of (i) employee benefit expense for our administrative staff; and (ii) professional expenses in relation information technology and Listing. The following table sets out a breakdown of our administrative expenses for the periods indicated:

	Year ended 31 December					
	2019		**2020**		**2021**	
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Employee benefit expenses	75,710	75.4	68,036	65.7	93,920	67.4
Travel and entertainment expenses	5,387	5.4	5,371	5.2	6,091	4.4
Professional expenses	6,596	6.6	7,391	7.1	10,266	7.4
Depreciation and amortisation expenses	2,035	2.0	4,616	4.5	6,470	4.6
Other taxes	2,727	2.7	3,403	3.3	5,550	4.0
Property management expenses	2,683	2.7	3,170	3.1	2,698	1.9
Promotion expenses	390	0.4	2,116	2.0	–	–
Recruitment expense	1,116	1.1	1,634	1.6	2,198	1.6
Others*(Note)*	3,750	3.7	7,744	7.5	12,091	8.7
Total	100,394	100.0	103,481	100.0	139,284	100.0

Note: Others include, among others, bank charges, conference call expenses and other administrative expenses.

Despite of our business expansion in 2020, as we did not grant any Shares pursuant to the Pre-IPO Share Award Scheme in 2020 resulting in the decrease in employee benefit expenses, our administrative expenses remained stable from 2019 to 2020.

Our administrative expenses increased between 2020 and 2021, primarily due to the increase in (i) employee benefit expenses as a result of the increase in headcount of our administrative staff; (ii) professional expenses as a result of the increase in the service fee paid for the relevant human resources services platform in view of the acquisition of GSN Group; and (iii) depreciation and amortisation expenses as a result of the amortisation of intangible assets resulted from the acquisition of GSN Group.

Net impairment (losses)/gains on financial assets

Our net impairment losses on financial assets are impairment provisions for losses arising from potential bad debts in respect of our trade receivables and other receivables. Under our impairment methodology, provision for impairment losses primarily depend on whether there has been a significant increase in credit risks. We assess impairment losses on financial assets based on a number of factors, including historical payment records and forward-looking information. Please refer to note 2.11(d) to the Accountant's Report in Appendix I to this prospectus for further details. We recorded net impairment losses on financial assets of approximately RMB1.3 million and RMB3.5 million in 2020 and 2021, respectively. We recorded net impairment gain on financial assets of approximately RMB3.2 million in 2019. The net impairment losses on financial assets in 2020 and 2021, reflects our impairment loss arising from potential bad debts made in respect of our trade receivables and other receivables. In 2019, we enhanced our effort in the recovery of our outstanding trade receivables and other receivables, which resulted in the net impairment gain on financial assets.

Other income

Our other income of approximately RMB7.4 million, RMB5.8 million and RMB9.6 million during the Track Record Period mainly consists of government grants which mainly included (i) the weighted deduction of value-added tax pursuant to the policy implemented by State Tax Administration of the PRC for certain industries, including property management, whereby eligible companies could increase their input value-added tax credits by 10% from the value-added tax payable; and (ii) tax refund provided by the relevant authorities to our Group pursuant to certain preferential policies to attract investment, support local companies and economic development and stabilise employment. All government grants that we received during the Track Record Period were unconditional discretionary subsidies awarded by local governments.

Other losses – net

We recorded other net losses of approximately RMB54,000, RMB110,000 and RMB315,000 in 2019, 2020 and 2021, respectively. Our other net losses primarily consist of fair value financial assets at fair value recognised in profit, and loss and gains from disposal of property, plant and equipment.

Finance income/(costs) – net

Our finance income/(costs) – net mainly represents interest expenses on borrowings and lease liabilities, partially offset by interest income on bank deposits and interest income from loans to related parties. The following table sets out the breakdown of our finance cost – net for the periods indicated:

	Year ended 31 December		
	2019	**2020**	**2021**
		(RMB'000)	
Finance costs:			
– Interest expenses on borrowings	(12,531)	(250)	(351)
– Interest expenses on lease liabilities	(216)	(406)	(682)
	(12,747)	(656)	(1,033)
Finance income:			
– Interest income from loans to related parties	12,531	–	–
– Bank interest income	530	235	325
	13,061	235	325
Finance income/(costs) – net	314	(421)	(708)

Interest income from loans to related parties and interest expense on borrowings primarily represented the relevant interest income from Dima Group which we made using proceeds we derived from the Entrusted Loan Arrangement and the relevant interest costs incurred for such Entrusted Loan Arrangement (please refer to the paragraph headed "Indebtedness – Borrowings" in the section below).

Share of results of investment accounted for using the equity method

Share of results represents, in part, the profits or loss from our investment during the Track Record Period in our associates and joint ventures, namely (i) Chongqing Xuyuan, which is a company engaged in property management and in which we held approximately 49% equity interest as at 31 December 2019, 2020 and 2021; (ii) Mainyang Ruisheng, which is a company engaged in property management and in which we held 50% equity interest as at 31 December 2019, 2020 and 2021; (iii) Zhejiang Dongzhen, which is a company engaged in property management and in which we held 36% equity interest as at 31 December 2020 and 2021; (iv) Xi'an Dongyuan, which is a company engaged in property management and in which we held 36% equity interest as at 31 December 2020 and 2021; (v) Chengdu Jiulian, which is a company engaged in property management and in which we held approximately 51% equity interest as at 31 December 2021; (vi) Shandong Dongyuan, which is a company engaged in property management and in which we held approximately 51% equity interest as at 31 December 2021; and (vii) Kunming Dongyuan, which is a company engaged in property management and in which we held approximately 48% equity interest as at 31 December 2021.

Such associates are not significant to us in terms of profit contribution and we have no significant contingent liabilities or commitments relating to our interest in such associates as at 31 December 2019, 2020 and 31 December 2021, respectively.

Income tax expenses

Our income tax expenses consist of current and deferred income tax payable in the PRC by our Company and our subsidiaries. The following table sets out a breakdown of income tax expenses for the periods indicated:

	Year ended 31 December		
	2019	**2020**	**2021**
		(RMB'000)	
Current tax on profits for the year	7,096	12,231	22,640
Deferred income tax	(1,183)	1,991	1,004
Total	5,913	14,222	23,644

According to the applicable PRC tax regulations, the general enterprise income tax rate in the PRC is 25% and certain of our PRC entities which are located in western China had been subject to a preferential income tax rate of 15% during the Track Record Period. No provision for Hong Kong profits tax has been made as we had no assessable profits arising in Hong Kong during the Track Record Period. For the three years ended 31 December 2021, our effective income tax rates were approximately 18.8%, 14.4% and 15.3%, respectively.

RESULTS OF OPERATION

Year ended 31 December 2021 compared to year ended 31 December 2020

Revenue

Our revenue increased by approximately RMB426.6 million or 55.6% from approximately RMB766.8 million for the year ended 31 December 2020 to approximately RMB1,193.4 million for the year ended 31 December 2021, primarily due to an increase in our revenue derived from property management services as a result of our business expansion.

- *Property management services* – Our revenue from property management services increased by 80.0% from approximately RMB349.4 million for the year ended 31 December 2020 to approximately RMB629.0 million for the year ended 31 December 2021, primarily attributable to (i) an increase in our total GFA under management from approximately 21.1 million sq.m. as at 31 December 2020 to approximately 28.2 million sq.m. as at 31 December 2021 as a result of the inclusion of the number of property projects and GFA under management of GSN Group and Shengkang Group which were acquired by our Group in the second half of 2020; (ii) the increase in the number of residential property projects that we managed; and (iii) an increase in the number of property development projects completed and delivered for our management for the year ended 31 December 2021.

- *Community value-added services* – Our revenue from community value-added services increased by approximately 40.0% from approximately RMB204.8 million for the year ended 31 December 2020 to approximately RMB286.9 million or the year ended 31 December 2021, primarily due to (i) increase in revenue derived from car parking spaces management services resulting from the increase in the number of property projects delivered to us for our management; (ii) the increase in revenue derived from car parking spaces and property sales services mainly resulting from the increase in number of commercial properties, office buildings and car parking spaces sold; and (iii) temporary lockdown measures implemented by PRC government due to the outbreak of COVID-19 in the first half of 2020, which adversely impacted our revenue derived from our various community value-added services, in particular the car parking spaces and property sales services and property agency services, during the year ended 31 December 2020.

- *Value-added services to non-property owners* – Our revenue from value-added services to non-property owners increased by approximately 30.5% from approximately RMB212.6 million for the year ended 31 December 2020 to approximately RMB277.5 million or the year ended 31 December 2021, primarily due to the combined effect of (i) the increase in revenue derived from various value-added services to non-property owners for the year ended 31 December 2021, in particular from additional tailored services derived from Independent Third Parties in relation to the provision of washing and disinfection of medical fabrics and provision of medical-related necessities in hospitals resulting from our acquisition of Shengkang Group, which was completed in 2020; and the sales assistance services resulting from the continuous increase in number of sales assistance service agreements we entered into with Dima Group which increased the number of residential property projects opened for sale; and (ii) the temporary lockdown measures implemented by PRC government due to the outbreak of COVID-19 in the first half of 2020, which adversely impacted our revenue derived from our various value-added services to non-property owners for the year ended 31 December 2020.

Cost of sales

Our cost of sales increased by approximately 60.6% from approximately RMB550.8 million for the year ended 31 December 2020 to approximately RMB884.5 million for the year ended 31 December 2021, mainly due to the increase in (i) employee benefit expenses as a result of an increase in (a) headcount for our property management services as a result of, among others, the acquisition of GSN Group and Shengkang Group; and (b) the average salary of our employees as a result of the inclusion of staff of GSN Group and Shengkang Group which were acquired by our Group in 2020, which have a higher average salary as compared with that of our Group; and (ii) subcontracting costs as we outsourced more labour intensive services, such as cleaning and security services, to third-party subcontractors.

Gross profit and gross profit margin

As a result of the foregoing, our total gross profit increased by approximately 43.0% to approximately RMB308.9 million for the year ended 31 December 2021 from approximately RMB216.0 million for the year ended 31 December 2020. Our gross profit margin decreased from approximately 28.2% for the year ended 31 December 2020 to approximately 25.9% for the year ended 31 December 2021.

- *Property management services* – Our gross profit for property management services increased by approximately 77.3% from approximately RMB82.1 million for the year ended 31 December 2020 to approximately RMB145.6 million for the year ended 31 December 2021. The increase in gross profit was generally in line with the increase in revenue from property management services during the same period. Our gross profit margin for property management services remained stable at approximately 23.5% and 23.1% for 2020 and 2021, respectively.

- *Community value-added services* – Our gross profit for community value-added services increased by approximately 20.7% from approximately RMB70.7 million for the year ended 31 December 2020 to approximately RMB85.3 million for the year ended 31 December 2021. Our gross profit margin for community value-added services decreased from approximately 34.5% for the year ended 31 December 2020 to 29.7% for the year ended 31 December 2021. The decrease in gross profit margin for community value-added services was mainly due to (i) the decrease in proportion of gross profit generated from property sales services during the year ended 31 December 2021, which typically generated a relatively higher gross profit margin than other community value-added services; and (ii) the decrease in gross profit margin of our community events planning services resulting from the incurring of additional upfront costs regarding the development and other one-off expenses, including site renovation, refurbishment and training-related preparation costs, in relation to new social and leisure activities, parent-children activities and various training for residents of properties that we managed in Chongqing during the year ended 31 December 2021.

- *Value-added services for non-property owners* – Our gross profit for value-added services increased by approximately 23.6% from approximately RMB63.2 million for the year ended 31 December 2020 to approximately RMB78.1 million for the year ended 31 December 20201. Our gross profit margin for value-added services decreased from approximately 29.7% for the year ended 31 December 2020 to 28.1% for the year ended 31 December 2021. The decrease in gross profit margin for value-added services to non-property owners was mainly due to the increase in proportion of gross profit generated from the provision of washing and disinfection of medical fabrics and provision of medical-related necessities in hospitals after the acquisition of Shengkang Group at the end of December 2020, which typically generated a relatively lower gross profit margin than other value-added services to non-property owners.

Selling and marketing expense

Our selling and marketing expenses increased from approximately RMB23.5 million in 2020 to approximately RMB27.8 million in 2021, by approximately 18.2%, primarily due to the increase in employee benefit expenses by approximately 18.2% as a result of (i) the increase in headcount of our sales and marketing staff; and (ii) the increase in the average salaries of our sales and marketing staff which is in line with the market trend.

Administrative expenses

Our administrative expenses increased from approximately RMB103.5 million in 2020 to approximately RMB139.3 million in 2021, by approximately 34.6%, primarily due to the increase in (i) employee benefit expenses as a result of the increase in headcount of our administrative staff; (ii) professional expenses as a result of the increase in the service fee paid for the relevant human resources services platform in view of the acquisition of GSN Group; and (iii) depreciation and amortisation expenses as a result of the amortisation of intangible assets resulted from the acquisition of GSN Group.

Net impairment losses on financial assets

The net impairment losses on financial assets in 2020 and 2021 reflects our impairment loss arising from potential bad debts made in respect of our trade receivables and other receivables, at approximately RMB1.3 million and RMB3.5 million in 2020 and 2021 respectively.

Other income

Our other income increased by approximately RMB3.8 million or 65.5% from approximately RMB5.8 million for the year ended 31 December 2020 to approximately RMB9.6 million for the year ended 31 December 2021, mainly due to the increase in government grants provided by relevant authorities to GSN Group and the receipt of subsidy from the relevant authority in Chongqing regarding Listing encouragement, among which approximately RMB1.7 million were one-off government grant and subsidies and approximately RMB7.9 million were non-one-off government grant and subsidies.

Other losses – net

Our other losses – net increased from a loss of approximately RMB110,000 in 2020 to a loss of approximately RMB315,000 in 2021, primarily due to the increase in net losses from disposal of property, plant and equipment in 2021.

Finance costs – net

Our finance costs – net increased by approximately RMB0.3 million or 75.0% from approximately RMB0.4 million for the year ended 31 December 2020 to approximately RMB0.7 million for the year ended 31 December 2021. The increase in the net finance costs was primarily due to the increase in bank interest expense and interest expense on lease liabilities for the year ended 31 December 2021.

Profit before income tax

As a result of the foregoing, our profit before income tax increased by approximately 56.1% from approximately RMB98.7 million in 2020 to approximately RMB154.0 million in 2021.

Income tax expenses

Our income tax expenses increased by approximately RMB9.4 million or 66.2% from approximately RMB14.2 million for the year ended 31 December 2020 to approximately RMB23.6 million for the year ended 31 December 2021, primarily due to the increase in our profit before taxation of approximately 56.1%. Our overall effective income tax rate remained stable at approximately 14.4% and 15.3% in 2020 and 2021, respectively

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately 54.3% from approximately RMB84.5 million in 2020 to approximately RMB130.4 million in 2021.

Year ended 31 December 2020 compared to year ended 31 December 2019

Revenue

Our revenue increased by approximately 37.1% from approximately RMB559.2 million in 2019 to approximately RMB766.8 million in 2020, primarily due to an increase in our revenue derived from property management services and value-added services to non-property owners as a result of our business expansion.

- *Property management services* – Our revenue from property management services increased by 35.8% from approximately RMB257.3 million in 2019 to approximately RMB349.4 million in 2020, primarily attributable to an increase in our total GFA under management from approximately 11.9 million sq.m. as of 31 December 2019 to approximately 21.1 million sq.m. as of 31 December 2020 as a result of (i) the new engagement of property management services provided mainly with respect to residential property projects; and (ii) the continuous increase in GFA delivered to us for management under the existing property management service agreements; and (iii) the increase in the average property management fees rate from RMB2.94 per sq.m. per month in 2019 to RMB3.38 per sq.m. per month in 2020.

- *Community value-added services* – Our revenue from community value-added services increased by approximately 16.7% from approximately RMB175.5 million in 2019 to approximately RMB204.8 million in 2020, primarily due to the increase in revenue derived from (i) car parking spaces management services primarily due to the increase in the number of car parking spaces under our management resulting from the increase in the number of residential property projects delivered to us for our management; (ii) community events planning services primarily driven by the brand building, annual events planning, and community cultural events and activities planning services we offered in 2020; and (iii) property agency services mainly due to the increasing number of property leasing transactions resulting from our efforts to expand our property agency services business through setting up extensive number of service points in various locations next to the property projects under our management to source deals from residents nearby.

- *Value-added services to non-property owners* – Our revenue from value-added services to non-property owners increased by approximately 68.2% from approximately RMB126.4 million in 2019 to approximately RMB212.6 million in 2020, mainly due to the increase in revenue derived from (i) maintenance and renovation services which was driven by the increase in demand for such services primarily due to the damage caused by the natural disaster in Chongqing in around August 2020, which created further demand for such services in 2020; (ii) pre-delivery consultancy and inspection services, resulting from the increase in number of residential properties delivered by Dima Group to residents in 2020; and (iii) sales assistance services, which was driven by the continuous increase in number of residential properties developed by Dima Group which were opened for sale.

Cost of sales

Our cost of sales increased by approximately 29.2% from approximately RMB426.5 million in 2019 to approximately RMB550.8 million in 2020, mainly due to the increase in (i) maintenance and engineering expenses as a result of the increase in the number of property projects that we managed; (ii) subcontracting costs as we outsourced relatively more labour intensive services, such as cleaning and security services, to third-party subcontractors as part of our cost control measures; and (iii) employee benefit expenses as a result of (a) the increase in headcount for our property management on-site operation and value-added operation; and (b) increase in the average salary of our employees which is in line with the market trend.

Gross profit and gross profit margin

As a result of the foregoing, our total gross profit increased by approximately 62.8% to approximately RMB216.0 million in 2020 from approximately RMB132.7 million in 2019. Our gross profit margin increased from approximately 23.7% in 2019 to approximately 28.2% in 2020.

- *Property management services* – Our gross profit for property management services increased by approximately 81.2% to approximately RMB82.1 million in 2020 from approximately RMB45.3 million in 2019. Gross profit margin for property management services improved from approximately 17.6% in 2019 to approximately 23.5% in 2020, primarily due to the increase in revenue resulting from (i) the increase in average property management fees rate we charged resulting from (a) new engagement of property management services provided with respect to newly developed property projects which located in first-tier and second-tier cities in the PRC; and (b) the decrease in unsold or vacant property units under our management which we, in general, offered discount on the property management fees to such property units; and (ii) the decrease in cost of sales by adopting "small districts management" model.

- *Community value-added services* – Our gross profit for community value-added services increased by approximately 28.1% from approximately RMB55.2 million in 2019 to approximately RMB70.7 million in 2020. Gross profit margin for community value-added services improved from approximately 31.4% in 2019 to approximately 34.5% in 2020, primarily due to an increase in (i) our gross profit margin of our car parking spaces management services primarily due to the increase in the number of car parking spaces in residential property projects that delivered for our management, which was in line with the increase in the revenue generated from property management services provided with respect to residential property projects; and (ii) gross profit margin derived from property agency services as a result of expansion of our property agency services in Eastern China since mid-2019.

- *Value-added services to non-property owners* – Our gross profit for value-added services to non-property owners increased by approximately 96.3% from approximately RMB32.2 million in 2019 to approximately RMB63.2 million in 2020. Gross profit margin for value-added services increased from approximately 25.5% in 2019 to 29.7% in 2020, primarily attributable to (i) the increase in gross profit margin for sales assistance services resulting from the renewal of certain sales assistance service agreements in 2020 which we increased the service fee rate charged for such services to cover the increment of labour costs; and (ii) the increase in gross profit margin for pre-delivery consultancy and inspection services resulting from the improvement of manpower allocation which decreased the costs incurred.

Selling and marketing expense

Our selling and marketing expenses increased from approximately RMB17.2 million in 2019 to approximately RMB23.5 million in 2020, by approximately 36.6%, primarily due to the increase in employee benefit expenses by approximately 138.4% as a result of (i) the increase in headcount of our sales and marketing staff; and (ii) the increase in the average salaries of our sales and marketing staff which is in line with the market trend; partially offset by the decrease in promotion expenses due to reduction of promotion expense in relation to the sale of car parking spaces as majority of the one-off expenses were incurred in 2019.

Administrative expenses

Our administrative expenses remained stable at approximately RMB100.4 million in 2019 and approximately RMB103.5 million in 2020.

Net impairment (losses)/gains on financial assets

The net impairment losses on financial assets in 2020 reflects our impairment loss arising from potential bad debts made in respect of our trade receivables and other receivables. In 2019, we enhanced our effort in the recovery of our outstanding trade receivables and other receivables, which resulted in the net impairment gain on financial assets in 2019.

Other income

Our other income decreased from approximately RMB7.4 million in 2019 to approximately RMB5.8 million in 2020 by approximately 21.7% due to the decrease in government grants such as employment stabilisation subsidy in 2020.

Other gains/(losses) – net

Our other net losses remained stable at approximately RMB54,000 and RMB0.1 million in 2019 and 2020 respectively.

Finance income/(costs) – net

Our finance income/(costs) – net changed from finance income of approximately RMB0.3 million in 2019 to finance cost of approximately RMB0.4 million in 2020 due to combined effect of the decrease in bank interest income and the increase in interest expense on lease liabilities.

Profit before income tax

As a result of the foregoing, our profit before income tax increased by approximately 213.3% from approximately RMB31.5 million in 2019 to approximately RMB98.7 million in 2020.

Income tax expenses

Our income tax expenses increased by approximately 140.5% from approximately RMB5.9 million in 2019 to approximately RMB14.2 million in 2020, primarily due to the combination of the impact of (i) increase in our profit before income tax of approximately 213.3%; and (ii) the decrease in our overall effective income tax rate from approximately 18.8% in 2019 to approximately 14.4% in 2020 since certain members of our Group were entitled to tax reduction for micro and small enterprises in 2020.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately 230.1% from approximately RMB25.6 million in 2019 to approximately RMB84.5 million in 2020.

DESCRIPTION OF CERTAIN CONSOLIDATED BALANCE SHEET ITEMS

The following table sets out our current assets and current liabilities as at the dates indicated below:

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
ASSETS			
Non-current assets			
Property, plant and equipment	10,332	15,661	19,579
Investment properties	1,902	1,565	–
Right-of-use assets	4,063	16,446	10,669
Intangible assets	2,316	118,107	114,201
Deferred income tax assets	12,141	10,433	8,436
Long-term prepayments	–	1,669	2,562
Contract costs	–	4,945	8,653
Investments accounted for using the equity method	18,609	22,636	24,118
	49,363	191,462	188,218
Current assets			
Contract assets	–	12,649	1,301
Dividends receivables	–	–	2,580
Trade and other receivables	446,642	271,758	417,860
Inventories	58,119	53,525	51,823
Prepayments	3,885	11,003	42,690
Current income tax receivables	13,251	10,549	10,373
Cash and cash equivalents	188,208	233,950	249,162
Restricted cash	–	201	–
	710,105	593,635	775,789
Total assets	759,468	785,097	964,007

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
EQUITY			
Paid-in capital	19,995	–	–
Share capital	–	50,000	50,000
Reserves	85,796	66,342	85,692
Retained earnings	19,669	42,493	113,530
Equity attributable to owners of the Company	125,460	158,835	249,222
Non-controlling interests	200	6,665	8,830
Total equity	125,660	165,500	258,052
LIABILITIES			
Non-current liabilities			
Lease liabilities	3,759	11,456	6,520
Financial liabilities at fair value through profit or loss	–	6,000	4,000
Deferred income tax liabilities	350	10,035	9,042
Long-term trade payables	29,080	–	–
	33,189	27,491	19,562
Current liabilities			
Trade payables	62,478	134,629	180,793
Accruals and other payables	444,587	307,508	254,642
Contract liabilities	88,419	118,009	194,632
Lease liabilities	2,400	6,661	3,854
Dividends payables	–	5,267	45,267
Financial liabilities at fair value through profit or loss	–	–	2,000
Current income tax liabilities	2,735	9,032	5,205
Borrowings	–	11,000	–
	600,619	592,106	686,393
Total liabilities	633,808	619,597	705,955
Total equity and liabilities	759,468	785,097	964,007

Property, plant and equipment

Our property, plant and equipment during the Track Record Period mainly consisted of furniture and fixtures, and electronic equipment. Our property, plant and equipment increased from approximately RMB10.3 million as at 31 December 2019 to RMB15.7 million as at 31 December 2020, and further to RMB19.6 million as at 31 December 2021 primarily due to the purchase of electronic equipment such as monitoring equipment and communication devices for business operations and expansion.

Right-of-use assets

Our right-of-use assets consisted of the leases of our offices in various cities in the PRC, such as Chongqing, Wuhan and Chengdu. Our right-of-use assets amounted to approximately RMB4.1 million, RMB16.4 million and RMB10.7 million as at 31 December 2019, 2020 and 2021, respectively. As we leased a number of new offices in 2020 as part of our business expansion, our right-of-use assets increased significantly in 2020.

Intangible assets

Our intangible assets mainly comprised (i) customer relationship of a number of companies acquired by us during the two years ended 31 December 2020; and (ii) goodwill arising out of our acquisitions during the Track Record Period.

We recorded intangible assets, net of accumulated amortisation, in the amount of approximately RMB2.3 million, RMB118.1 million and RMB114.2 million as at 31 December 2019, 2020 and 2021, respectively. Our intangible assets of approximately RMB2.3 million as at 31 December 2019 mainly represented our recognition of (i) customer relationship valued at approximately RMB1.3 million arising out of our acquisition of Hubei Zhonghe in 2019; and (ii) our recognition of goodwill of approximately RMB1.0 million arising out of our acquisition of Chongqing Shengdu in 2019. Our intangible assets of approximately RMB118.1 million as at 31 December 2020 and RMB114.2 million as at 31 December 2021 mainly represented our recognition of (i) customer relationship valued at approximately RMB38.9 million and RMB34.0 million as at 31 December 2020 and 2021, respectively arising primarily out of our acquisition of GSN Shanghai and Guangxi Shengkang in 2020; and (ii) our recognition of goodwill of approximately RMB76.7 million and RMB76.7 million as at 31 December 2020 and 2021, respectively arising primarily out of our acquisition of GSN Shanghai and Guangxi Shengkang in 2020.

The goodwill primarily arose from the expected business development of the companies we acquired during the Track Record Period, the improvement on market coverage, enrichment of the property portfolio and integration of value-added services. None of the goodwill recognised is expected to be deductible for income tax purposes. Pursuant to our accounting policy, we perform impairment testing of our goodwill on an annual basis typically before the year end. For the purpose of impairment testing, our goodwill related to the acquisitions of subsidiaries acquired prior to 2020 were regarded as different CGUs. Our management performed an impairment assessment on the goodwill prior to every period end. The recoverable amounts of these CGUs have been determined based on a value-in-use calculation using cash flow projection based on financial forecasts covering certain years prepared by management, and the pre-tax discount rates applied to the above cash flow projection is approximately 14.68%, 14.73% to 19.57% and 14.79% to 19.43% as at 31 December 2019, 2020 and 2021, respectively. Please refer to note 17 of the Accountant's Report in Appendix I to this prospectus.

Chongqing Shengdu

Goodwill of approximately RMB1.0 million arising from the acquisition of Chongqing Shengdu has been allocated to the CGU of Chongqing Shengdu for impairment testing as at 31 December 2019, 2020 and 2021.

The following table sets forth each key assumption on which our management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December		
	2019	**2020**	**2021**
Compound annual growth rates of revenue during the projection period	12.16%	18.36%	5.70%
Gross margins during the projection period	17.57%	16.98%	17.62%
Long-term growth rate	3.0%	3.0%	2.50%
Pre-tax discount rate	14.68%	14.73%	14.79%

Based on management's assessment on the recoverable amounts of Chongqing Shengdu, no impairment provision was considered necessary as at 31 December 2019, 2020 and 2021. As at 31 December 2019, 2020 and 2021, the recoverable amount calculated based on value-in-use calculation exceeded the carrying value by approximately RMB4.7 million, RMB7.5 million and RMB5.6 million, respectively. Chongqing Shengdu was acquired in June 2019 and the recoverable amount approximated to its carrying value as at 31 December 2019.

GSN Shanghai

Goodwill of approximately RMB62.3 million arising from the acquisition of GSN Shanghai has been allocated to the CGU of GSN Shanghai for impairment testing as at 31 December 2020 and 2021.

The following table sets forth each key assumption on which our management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December		
	2019	**2020**	**2021**
Compound annual growth rates of revenue during the projection period	–	11.13%	9.60%
Gross margins during the projection period	–	18.13%	20.40%
Long-term growth rate	–	3.0%	2.50%
Pre-tax discount rate	–	19.57%	19.43%

Based on management's assessment on the recoverable amounts of GSN Shanghai, no impairment provision was considered necessary as at 31 December 2020 and 2021. As at 31 December 2020 and 2021, the recoverable amount calculated based on value-in-use calculation exceeded the carrying value by approximately RMB10.1 million and RMB40.9 million respectively. GSN Shanghai was acquired in 2020 and the recoverable amount approximated to its carrying value as at 31 December 2020.

The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the value in use calculations that would remove the remaining headroom for GSN Shanghai as at 31 December 2020 and 30 September 2021:

	As at 31 December	
	2020	**2021**
Annual revenue growth rate	-5%	-12%
Gross margin (% of revenue)	-8%	-17%
Discount rate	+2%	+4%

Guangxi Shengkang

Goodwill of approximately RMB13.4 million and RMB13.4 million arising from the acquisition of Guangxi Shengkang has been allocated to the CGU of Guangxi Shengkang for impairment testing as at 31 December 2020 and 2021 respectively.

The following table sets forth each key assumption on which our management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December		
	2019	**2020**	**2021**
Compound annual growth rates of revenue during the projection period	–	10.80%	8.39%
Gross margins during the projection period	–	37.80%	35.28%
Long-term growth rate	–	3.0%	2.50%
Pre-tax discount rate	–	15.87%	15.92%

Based on management's assessment on the recoverable amounts of Guangxi Shengkang, no impairment provision was considered necessary as at 31 December 2020 and 2021. As at 31 December 2020 and 2021, the recoverable amount calculated based on value-in-use calculation exceeded the carrying value by approximately RMB4.1 million and RMB9.5 million, respectively. Guangxi Shengkang was acquired in 2020 and the recoverable amount approximated to its carrying value as at 31 December 2020.

The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the value in use calculations that would remove the remaining headroom for Guangxi Shengkang as at 31 December 2020 and 2021:

	As at 31 December	
	2020	**2021**
Annual revenue growth rate	-2%	-6%
Gross margin (% of revenue)	-4%	-6%
Discount rate	+1%	+2%

For further details regarding the above-mentioned acquisitions, please refer to the section headed "History and development – Acquisitions during the Track Record Period" in this prospectus.

Based on the headroom of the impairment assessments of goodwill as at 31 December 2019, 31 December 2020 and 31 December 2021, our Directors believe that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill. For further details, please refer to note 17(b) to the Accountant's Report set out in Appendix I to this prospectus.

Deferred income tax assets

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. We recorded a deferred income tax assets of approximately RMB12.1 million, RMB10.4 million and RMB8.4 million as at 31 December 2019, 2020 and 2021 respectively.

Investment accounted for using the equity method

We recognised investments accounted for using the equity method in an amount of approximately RMB18.6 million, RMB22.6 million and RMB24.1 million as at 31 December 2019, 2020 and 2021, respectively. Our investments accounted for using the equity method related to (i) our investment in joint ventures, which included (a) Chongqing Xuyuan, of which we held equity interests of 49% as at 31 December 2019, 2020 and 2021, respectively; (b) Mianyang Ruisheng, of which we held equity interests of 50% as at 31 December 2019, 2020 and 2021; (c) Chengdu Jiulian, of which we held equity interest of 51% as at 31 December 2021; and (d) Shandong Dongyuan, of which we held equity interest of 51% as at 31 December 2021, respectively; and (ii) our investment in associates, which included (a) our investment in Zhejiang Dongzhen, of which we held equity interests of 36% as at 31 December 2020 and 2021; (b) Xi'an Dongyuan, of which we held equity interests of 36% as at 31 December 2020 and 2021; and (c) Kunming Dongyuan, of which we held equity interest of 48% as at 31 December 2021, respectively.

In particular for our investments in joint ventures, for the three years ended 31 December 2021, Chongqing Xuyuan recorded total revenue of approximately RMB34.5 million, RMB49.4 million and RMB52.8 million respectively; net profit of approximately RMB10.8 million, RMB11.7 million and RMB12.8 million respectively. As at 31 December 2019, 2020 and 2021, its net asset was approximately RMB15.1 million, RMB22.6 million and RMB20.7 million respectively. For the period since the acquisition of Mianyang Ruisheng to 31 December 2019 and during the two years ended 31 December 2021, Mianyang Ruisheng recorded total revenue of approximately RMB10.2 million, RMB21.7 million and RMB24.7 million respectively; net profit of approximately RMB0.4 million, RMB0.1 million and RMB1.4 million respectively. As at 31 December 2019, 2020 and 2021, its net asset was approximately RMB11.8 million, RMB11.9 million and RMB13.4 million respectively.

Contract assets

Our contract assets recorded as at 31 December 2020 and 31 December 2021 represented our rights to consideration for work performed but unbilled for our provision of maintenance and renovation services. Our contract assets decreased by approximately 89.7% from approximately RMB12.6 million as at 31 December 2020 to RMB1.3 million as at 31 December 2021, as most of our maintenance and renovation services provided in 2020 were mainly performed by the end of 2020, the work performed was unbilled as at 31 December 2020 and was subsequently completed and billed as at 31 December 2021. In particular, contract assets of approximately RMB7.8 million as at 31 December 2020 represented our rights to consideration for work performed for Dongyuan Real Estate but unbilled. Our services provided for such project was subsequently completed and billed as at 31 December 2021, resulting in a decrease in contract assets of approximately RMB7.8 million.

With our increased effort in billing progress of our provision of maintenance and renovation services to Dima Group, Affiliated Companies and Independent Third Parties, most of our work performed for maintenance and renovation services were billed within 2021, resulting a decrease in contract assets as at 31 December 2021. As set out in the section headed "Relationship with our Controlling Shareholders – Doyen Debt Restructuring" in this prospectus, (i) Dima Group is operating separately from Mr. Lo And His Associates, and Doyen Group; and (ii) to the best of our Directors' knowledge and belief, Dima Group's operation is not affected by the financial difficulties of Doyen Group, therefore, the Doyen Debt Restructuring did not have any impact on our contract assets. Moreover, the revenue derived from our provision of maintenance and renovations services to Dima Group remained stable during 2020 and 2021, which demonstrated that the Doyen Debt Restructuring did not have any impact on Dima Group's demand of our provision of maintenance and renovation services.

Dividends receivables

Dividends receivables as at 31 December 2021 of approximately RMB2.6 million represented the unpaid dividend distributed from the joint venture of the Group as at 31 December 2021.

Trade and other receivables

Trade receivables

Trade receivables mainly arise from provision of property management services. Our trade receivables, before net of provision for impairment of trade receivables, increased from approximately RMB116.6 million as at 31 December 2019 to approximately RMB248.9 million as at 31 December 2020 and further increased to approximately RMB403.6 million as at 31 December 2021.

Our trade receivables due from related parties increased from RMB69.9 million as at 31 December 2019 to approximately RMB131.3 million as at 31 December 2020, which was in line with the increase of our provision of various services to Dima Group during the relevant time.

Our trade receivables due from related parties increased by approximately 64.0% from RMB131.3 million as at 31 December 2020 to RMB215.3 million as at 31 December 2021, which was in line with the increase of our provision of various services to Dima Group during 2021. The increase in our trade receivables due from related parties was primarily due to the more prudent approach on capital use adopted by Dima Group. As set out in the section headed "Summary – Recent development and no material adverse change – Recent changes in the regulatory environment of the PRC real estate market" in this prospectus, there have been recent changes in the regulatory environment of the PRC real estate market in 2020 and 2021, such as the "three red-lines" policy governing the external financing of property developers in the PRC. As set out in the paragraph headed " The proposed three red-lines policy" in the same section, to the best knowledge of our Directors, and after making reasonable enquiries, Dima

Group has been closely monitoring its financial ratios and using its best endeavour to strive a balance between growing land bank with financing to meet its business needs and maintaining the financial ratios at a level that complies with the requirements set out "three red lines" policy, notwithstanding that Dima had no financial difficulties. In view of the recent changes in the regulatory environment of the PRC real estate market, Dima Group adopted more prudent approach on capital use in order to improve its cash flow management, including but not limited to increasing its efficiency in collecting payments and prolonging the time for settling payments. Such more prudent approach affected the settlement of our trade receivables due from Dima Group in 2021. However, in light of our long-term business relationship with Dima Group and its good credit history, we consider credit risk related to trade receivables due from related parties is low, and that our trade receivables due from related parties will be subsequently settled notwithstanding Dima Group's prolonged settlement time. As set out in the section headed "Relationship with our Controlling Shareholders – Doyen Debt Restructuring" in this prospectus, (i) Dima Group is operating separately from Mr. Lo And His Associates, and Doyen Group; and (ii) to the best of our Directors' knowledge and belief, Dima Group's operation is not affected by the financial difficulties of Doyen Group, therefore, the Debt Restructuring did not have any impact on the settlement of trade receivables from Dima Group.

Our trade receivables due from third parties increased from approximately RMB46.7 million as at 31 December 2019 and increased to approximately RMB117.6 million as at 31 December 2020 and further increased to approximately RMB188.2 million as at 31 December 2021, primarily due to the increasing number of property projects that we managed and an increase in the overall average property management fees rate we charged.

The following table sets out the breakdown of our trade receivables as at the dates indicated:

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Trade receivables			
Due from related parties	69,919	131,287	215,347
Due from third parties	46,728	117,592	188,237
	116,647	248,879	403,584
Less: provision for impairment of trade receivables	(4,325)	(7,237)	(10,710)
	112,322	241,642	392,874

The following table sets out an ageing analysis of our trade receivables based on the invoice date as at the dates indicated:

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Less than 1 year	94,599	221,302	344,378
1 to 2 years	10,648	12,420	47,157
2 to 3 years	7,085	5,721	6,018
Over 3 years	4,315	9,436	6,031
	116,647	248,879	403,584

We generally grant five to 45 working days from invoice day of credit period for customers who received our provision of property management services on case by case basis.

The movements in provision for expected credit losses of trade receivables due from third parties are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	5,892	4,325	7,237
Increase/(Decrease) in loss allowance recognised in the consolidated statements of comprehensive income during the year	(1,567)	2,912	3,473
As at the end of the year	4,325	7,237	10,710

We recorded the provision for impairment of trade receivables of approximately RMB4.3 million, RMB7.2 million and RMB10.7 million, respectively, as at 31 December 2019, 2020 and 2021. In determining the impairment for trade receivables, we applied the simplified approach in calculating the expected credit losses. We adopt various measures to expedite the recovery of trade receivables via various channels, including telephone and face to face, and the issuance of payment reminder on a regular basis.

We use a provision matrix to calculate expected credit losses for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking estimates, such as forecast economic conditions. As at 31 December 2019, 2020 and 2021, we assessed that the expected loss rate for trade receivables from related parties to be immaterial after considering the good finance position and credit history of the entities. Thus, no loss allowance provision for trade receivables from related parties was recognised during the Track Record Period.

For the expected loss rates adopted and movement of the gross carrying amount of and loss allowance provision for our trade receivables from third parties, please refer to note 22 and note 3.1(b) of the Accountant's Report in Appendix I to this prospectus for further details.

The following table sets out the average trade receivables turnover days for our trade receivables for the periods indicated:

	As at 31 December		
	2019	**2020**	**2021**
	(days)	*(days)*	*(days)*
Average trade receivables turnover days(Note)	108	84	97
– Related parties	219	115	168
– Third parties	41	62	64

Note: The average trade receivables turnover days are calculated based on the number of days in the year divided by trade receivables turnover rate, being the total revenue during such year divided by the average of the beginning and ending balances of trade receivables of a given year.

Average trade receivables turnover days indicate the average time required for us to collect cash payments from provision of services. During the Track Record Period, our overall average trade receivable turnover days were 108 days, 84 days and 97 days, respectively. The decrease in the overall average turnover days of our overall trade receivables from 108 days in 2019 to 84 days in 2020 was primarily due to the decrease in the average turnover days of our trade receivables due from related parties as we have increased our effort in collecting property management fees from our related parties. The average turnover days of our overall trade receivables increased from 84 days as at 31 December 2020 to 97 days as at 31 December 2021 as it typically required relatively more lengthy process in collecting property management fees regarding property projects of GSN Group and Shengkang Group, which were acquired by our Group in 2020, as a credit period of more than three months are typically granted to customers of GSN Group and Shengkang Group. During the Track Record Period, our trade receivable turnover days of related parties were longer than those of third parties, primarily because of our long-term business relationship with Dima Group and in light of Dima Group's good credit history, we consider credit risk related to trade receivables due from related parties is low. The increase in average trade receivables turnover days due from third parties increased in 2020 as compared with that in 2019 was primarily due to the increase in trade receivables arising from the acquisition of GSN Shanghai and Guangxi Shengkong. Since completion of acquisitions of both companies took place at the end of December 2020, their revenue were not consolidated into our financial statements for the year ended 31 December 2020 in accordance with the relevant accounting policy.

We did not experience any significant difficulty in collecting property management fees during the Track Record Period as evidenced by property management fees collection rates we maintained throughout the Track Record Period. The property management fees collection rate is calculated as the percentage of actually collected property management fees attributable to a period out of total revenue from property management services for the same period. During the three years ended 31 December 2021, our property management fees collection rates with respect to the property management fees were approximately 92.0%, 89.7% and 87.3% respectively. We estimate the recoverable amount of property management fees for each property project we manage and take into account collection history, subsequently settlement status and ageing of trade receivables. We adopt various measures to expedite the recovery of trade receivables, and maintain strict credit control over our outstanding trade receivables to facilitate timely collection of property management fees. For example, we intend to set property management fees collection rate as performance indicator and establish a special team to monitor the collection status, conduct regular assessment and analysis, and closely follow up on collection of outstanding amounts of trade receivables. In particular, we will designate special personnel to track the progress of collecting property management fees due from related parties, and regularly evaluate employee performance based on property management fees collection rate.

As advised by our PRC Legal Advisers, while the relevant rules in the PRC impose a three-year limitation period by which a party can sue for the outstanding property management fees, such limitation period shall automatically be refreshed from the date of which the claimant issues a demand letter requesting for payment of the said outstanding property management fees. We periodically makes collective assessment on the recoverability of other receivables based on the payment profile of sales over a period of 36 months before each year end, and will consider issuing demand letter to the relevant party on a case-by-case basis. In light of the above, we are of the view, and the Sole Sponsor concurs that, there is no recoverability issue for trade receivables aged over three years.

Approximately RMB0.4 million in aggregate of outstanding trade receivables as at 31 December 2021 were subject to 21 legal proceedings which related to the disputes with our customers regarding our provision of property management services, represented approximately 0.09% of the outstanding trade receivables as at 31 December 2021. As at 10 April 2022, (i) approximately RMB137.7 million, or 34.1% of our overall trade receivable as at 31 December 2021 were subsequently settled; (ii) approximately RMB81.3 million, or 37.8%, of our trade receivables due from related parties as at 31 December 2021 were subsequently settled; and (iii) approximately RMB56.3 million, or 29.9%, of our trade receivables due from third parties as at 31 December 2021 were subsequently settled. The following table sets out the breakdown of our trade receivables by age group based on the invoice date due from related parties and third parties respectively as at 31 December 2021 and amounts subsequently settled as at 10 April 2022:

	As at 31 December 2021	As at 10 April 2022	
	(RMB'000)	*(RMB'000)*	%
Less than 1 year			
Due from related parties	203,009	77,948	38.4
Due from third parties	141,369	52,774	37.3
1 to 2 years			
Due from related parties	12,338	3,384	27.4
Due from third parties	34,819	2,929	8.4
2 to 3 years			
Due from related parties	–	–	–
Due from third parties	6,018	380	6.3
Over 3 years			
Due from related parties	–	–	–
Due from third parties	6,031	258	4.3
	403,584	137,673	34.1

Dima Group and Affiliated Companies undertake to fully settle remaining outstanding trade receivables as at 31 December 2021 prior to Listing. The following table sets out the breakdown of our trade receivables by age group based on the invoice date as at 31 December 2021 subsequently settled as at 10 April 2022:

	As at 10 April 2022			
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	
Residents and property owners of residential properties	14,261	1,727	356	258
Other customers	116,461	4,586	24	–
Total	130,722	6,313	380	258

Other receivables

The following table sets forth a breakdown of our other receivables as at the dates indicated:

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Other receivables			
Due from related parties	317,123	5,152	819
Due from third parties			
– Payments on behalf of property owners	6,569	6,417	6,758
– Deposits	7,101	9,583	9,388
– Advances to employees	1,418	2,192	3,635
– Others	4,009	7,075	4,738
Less: provision for impairment of other receivables	(1,900)	(303)	(352)
Total	334,320	30,116	24,986

Our other receivables due from related parties primarily represented refundable deposits paid to Dima Group for providing car parking spaces agency services, which is part of our value-added services of provision of car parking spaces and property sales services. To the best knowledge and belief of our Directors, the payment of such refundable deposits to Dima Group was part of the standardised arrangements adopted by Dima Group. As at 31 December 2019, the balances for the deposits were approximately RMB231.9 million. Subsequently, since the payment of the relevant refundable deposits had taken up a significant portion of our cash which could be utilised elsewhere, we agreed with Dima Group in 2020 that we would no longer be required to provide such deposits to Dima Group for our engagement of providing the relevant car parking spaces agency services. As such, as at 31 December 2020 and 31 December 2021, the remaining deposits were refunded to our Group and we were not required to pay such deposit for future car parking spaces agency services.

Approximately RMB231.1 million of deposits paid by us as at 31 December 2019 were subsequently refunded to us by the end of July 2020. Approximately RMB0.7 million of deposits paid by us as at 31 December 2019 were subsequently refunded to us by the end of August 2020.

The abovementioned refund were utilised by us to settle related parties payables.

Our other receivables from third parties mainly represent:

(a) payments on behalf of property owners – in certain property projects under our management, we pay common area facility fees on behalf of property owners, and then seek reimbursement from property owners;

(b) deposits – deposits for participating in tender and bidding process for obtaining property projects;

(c) advances to employees – we make advances to our employees from time to time for business purposes when we anticipate that our employees need cash for reasonable job-related purposes. Such advances mainly include fixed amounts of petty cash provided to employees whose routine job responsibilities involve cash, such as (i) cashiers, (ii) drivers whose job incurs spending on gas and toll charges; and (iii) procurement personnel who may need to make urgent procurement payments; and

(d) Others – social insurance and housing provident funds paid on behalf of our employees.

The payments on behalf of property owners remained stable during the Track Record Period. The deposits remained stable as at 31 December 2020 and 31 December 2021.

The deposits increased from approximately RMB7.1 million as at 31 December 2019 to approximately RMB9.6 million as at 31 December 2020 and remained stable at approximately RMB9.4 million as at 31 December 2021. Such increase in deposit during the Track Record Period was primarily due to the increasing number of property projects tendered by our Group, which was in line with continuous growth in scale of our business during the Track Record Period.

Others increased from approximately RMB4.0 million as at 31 December 2019 to approximately RMB7.1 million as at 31 December 2020. Such continuous increase was primarily in line with our continuous increase in the headcount of our staff during the Track Record Period. Others decreased to approximately RMB4.7 million as at 31 December 2021 due to the partial collection of social insurance and housing provident funds paid on behalf of our employees as at 31 December 2020.

Inventories

Inventories mainly represented the sales rights of car parking spaces in Wuhan we purchased from property developers in 2018 for subsequent sale. There was a decrease in our inventories by approximately 7.9% from approximately RMB58.1 million as at 31 December 2019 to RMB53.5 million as at 31 December 2020, and a further decrease in our inventories by approximately 3.2% from RMB53.5 million as at 31 December 2020 to RMB51.8 million as at 31 December 2021. Such decrease was mainly due to the continuous sale of the car parking spaces we purchased in 2018 to third-parties customers throughout 2019, 2020 and 2021. As at 10 April 2022, we had sold approximately RMB6.7 million, or approximately 13.6% of our total inventories outstanding as at 31 December 2021. Although the subsequent sales of car parking spaces in Wuhan after the Track Record Period were relatively low, based on the fact that (i) the car parking spaces are located at core business district of Wuhan; (ii) the market price of the similar car parking spaces in Wuhan is higher than the acquisition cost of our inventories; and (iii) we will strengthen our marketing strategies of our car parking space by (a) extending our promotional efforts to existing car parking space owners who own more than two cars and property owners who holds properties for investment purpose; and (b) offering discount to attract price sensitive purchasers, our Directors believe that there are no recoverability issues.

Our average inventory turnover days were approximately 55 days, 37 days and 21 days for the three years ended 31 December 2021, respectively. Average inventory turnover days were calculated based on the number of days in the year divided by inventory turnover rate, being the total cost of sales during such year divided by the average of the beginning and ending balances of inventories of a given year. As we continue to sell such batch of car parking spaces in 2019, 2020 and 2021, the average inventories balance continue to decrease as at 31 December 2019, 2020 and 2021 with the depletion of our inventories, which led to the decrease in average inventory turnover days in 2020 as compared with that in 2019, and 2021 as compared with that in 2020.

Prepayments

Prepayments we made during the Track Record Period mainly consisted of (i) prepayment of listing expenses; (ii) prepayment of other operating expenses, including certain prepaid oil ticket for the purchase of car parking spaces; and (iii) prepayment of other taxes, including input tax to be deducted for certain of our subsidiaries.

Our prepayments increased by approximately 182.1% from approximately RMB3.9 million as at 31 December 2019 to approximately RMB11.0 million as at 31 December 2020, primarily due to (i) the prepayment of listing expenses amounting to approximately RMB4.9 million to professional parties for preparation of Listing; and (ii) the increase in prepayment of other operating expenses amounting to approximately RMB3.3 million, which was in line with our continuous increase in business scale. Our prepayments further increased by approximately 288.2% to approximately RMB42.7 million as at 31 December 2021, primarily due to the increase in the prepayment of listing expenses of approximately RMB21.5 million to professional parties for preparation of Listing.

Trade payables

Our trade payables primarily represented our obligations to pay for goods or services that we acquired in our ordinary course of business from suppliers, including purchase of utilities and materials as well as purchase from third-party subcontractors. Our suppliers and/or subcontractors generally offer a credit period of up to 45 days after issuance of invoices. The following table sets out a breakdown of our trade payables as at the dates indicated:

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Trade payables due to related parties	50,204	31,336	2,884
Trade payables due to third parties			
– Payables for labour costs	29,752	62,079	139,885
– Payables for construction costs *(Note)*	572	21,690	24,128
– Payables for consumables	11,030	19,524	13,896
Less: non-current trade payable due to related parties	(29,080)	–	–
Total	62,478	134,629	180,793

Note: Construction costs represent the costs incurred by us for the provision of maintenance and renovation services as part of our value-added services to non-property owners.

Our trade payables increased from approximately RMB91.6 million as at 31 December 2019 to RMB134.6 million as at 31 December 2020 primarily due to (i) a decrease in trade payables due to related parties as a result of the settlement of the relevant acquisition cost of approximately RMB21.2 million in 2020; (ii) increase in payables for labour costs by approximately 108.7% from approximately RMB29.8 million as at 31 December 2019 to approximately RMB62.1 million as at 31 December 2020, which is in line with our business expansion and our strategy to outsource more labour-intensive services to third-party subcontractors to increase our cost efficiency; and (iii) increase in payables for construction costs, being costs incurred by us for provision of maintenance and renovation services by approximately 3,692.0% from approximately RMB0.6 million as at 31 December 2019 to approximately RMB21.7 million as at 31 December 2020 which is also in line with our business expansion as such costs were incurred for our provision of value-added services to non-property owners.

Our trade payables increased from approximately RMB134.6 million as at 31 December 2020 to approximately RMB180.8 million as at 31 December 2021, which was primarily attributable to the increase in payables for labour costs by approximately 125.3% from approximately RMB62.1 million as at 31 December 2020 to approximately RMB139.9 million as at 31 December 2021, which was in line with our business expansion and our strategy to outsource more labour-intensive services to third-party subcontractors to increase our cost efficiency.

Our average trade payable turnover days were approximately 66 days, 75 days and 65 days respectively in 2019, 2020 and 2021. Our average trade payable days were calculated based on the number of days in the year divided by trade payable turnover rate, being the cost of sales during such year divided by the average of the beginning and ending balances of trade payable of a given year. The increase in our average trade payable turnover days from 2019 to 2020 reflected the increase in our cost of sales at a relatively lower rate, as compared with that of the average trade payable in 2019 and 2020, which was resulted from our overall better cost control with better utilisation of labour in 2019 and 2020. The decrease of our average trade payables turnover days from 2020 to 2021 was primarily due to the increase in our cost of sales at a relatively higher rate as compared with that of the average trade payable in 2021.

The following table sets out an ageing analysis of our trade payables based on the invoice date as at the dates indicated:

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Less than one year	41,796	100,720	161,345
One to two years	49,762	4,682	18,314
Two to three years	–	28,304	932
Above three years	–	923	202
	91,558	134,629	180,793

As at 31 December 2020, we recorded trade payables of approximately RMB33.9 million that aged over one year, which mainly represented acquisition costs payables regarding the sales rights of car parking spaces acquired by us in 2018 which was not due for payment according to the relevant purchase agreements. Substantial portion of such amounts were settled in 2021. Even though we did not record any trade payables over two years as at 31 December 2019, we recorded trade payables of approximately RMB923,000 aged over three years as at 31 December 2020 because we acquired GSN Shanghai and Guangxi Shengkang in 2020, which such trade payables mainly represented payables to suppliers by them. As at the Latest Practicable Date, such trade payables remained outstanding. Such trade payables will be fully settled prior to Listing.

As at 10 April 2022, approximately RMB118.7 million, or approximately 65.6%, of our total trade payables as at 31 December 2021 had been subsequently settled.

During the Track Record Period and as at the Latest Practicable Date, there were no material disputes or disagreements between our Group and our major suppliers.

Accruals and other payables

Accruals and other payables mainly represented accruals and other payables due to related parties and accruals and other payables due to Independent Third Parties, which mainly comprised (i) employee benefit payables to our employees; (ii) deposits recorded mainly from property owners and residents in relation to interior decorations; (iii) temporary receipts from property owners which we collected on their behalf and were payable to relevant suppliers, including to settle utility and waste cleaning charges, and other expenses relating to property owners which we collect on their behalf; and (iv) cash collected on behalf of property owners, which represented the public benefits received on behalf of the relevant property owners but have not been paid to the property owners.

The following table sets out the breakdown of our accruals and other payables as at the dates indicated:

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Other payables due to related parties	272,494	10,594	7,924
Accruals and other payables due to third parties			
– Outstanding cash considerations payable for business combinations	480	80,021	8,943
– Employee benefit payables	54,356	69,799	77,779
– Deposits	37,117	43,606	49,410
– Cash collected on behalf of property owners	27,145	38,111	41,135
– Temporary receipts from property owners	32,014	26,552	30,719
– Other taxes payables	11,965	16,220	26,287
– Dividend payable to the original shareholders of the acquired subsidiaries	–	13,284	5,515
– Accrued operating expenses	8,398	8,174	6,460
– Others	618	1,122	470
– Interest payables	–	25	–
	444,587	307,508	254,642

Our accruals and other payables decreased from approximately RMB444.6 million as at 31 December 2019 to RMB307.5 million as at 31 December 2020, mainly due to the decrease in other payables due to related parties resulting from our continuous effort in settling payables with our related parties, partially offset by the increase in (i) employee benefit payables which is in line with the increase in employee benefit expenses during the same period; (ii) temporary receipts from property owners which we provided more utility maintenance services to property owners; (iii) deposits received from property owners resulting from our continuous increase in business scale due to our increasing number of property projects under management during the relevant period; (iv) cash collected on behalf of property owners, which represented the public benefits received on behalf of the property owners but have not been paid to the relevant property owners, primarily due to our increasing number of property projects under management during the relevant period; (v) outstanding considerations payable for business combinations for the acquisition of GSN Shanghai and Guangxi Shengkang; and (vi) dividends payable to arisen from acquisition of subsidiaries, which represented the dividends payable to the original shareholders of GSN Shanghai and Guangxi Shengkang.

Our accruals and other payables decreased from approximately RMB307.5 million as at 31 December 2020 to RMB254.6 million as at 31 December 2021, primarily attributable to (i) the decrease in other payables due to related parties resulting from our continuous effort in settling payables with our related parties; and (ii) the decrease in outstanding cash consideration payable for business combinations of approximately RMB71.1 million, resulted from the settlement of acquisition costs of GSN Shanghai and Guangxi Shengkang.

As at 10 April 2022, approximately RMB152.5 million, or 59.9%, of our accruals and other payables as at 31 December 2021 were subsequently settled.

Contract liabilities

Our contract liabilities mainly represented the advance payments made by customers while our underlying services, primarily property management fees, have yet to be provided and thus the relevant revenue has not been recognised. As at 31 December 2019, 2020 and 2021, our contract liabilities amounted to approximately RMB88.4 million, RMB118.0 million and RMB194.6 million, respectively. Our contract liabilities increased as at 31 December 2019, 2020 and 2021 primarily due to the continuous increasing number of property projects under management.

As at 10 April 2022, approximately RMB59.2 million, or 30.4%, of our contract liabilities as at 31 December 2021 were subsequently recognised as revenue.

Lease liabilities

We leased various properties in the PRC mainly included our staff accommodation and offices. Under HKFRS 16, these lease liabilities were measured at present value of the lease payments during the lease terms that are not yet paid. We recorded lease liabilities of approximately RMB6.2 million, RMB18.1 million and RMB10.4 million as at 31 December 2019, 2020 and 2021 respectively. The increase as at 31 December 2019 and 2020 was resulted from entering into new lease of staff accommodation and offices in various locations as we continued to expand our business in more cities in the PRC and established new group companies. Lease liabilities decreased to RMB10.4 million as at 31 December 2021 due to (i) the continuous payment of rent by our Group regarding our leased properties; and (ii) the early termination of certain leases in 2021.

Dividends payables

Our dividends payables amounted to nil, approximately RMB5.3 million and RMB45.3 million as at 31 December 2019, 2020 and 2021 respectively. In 2020, our Company declared dividends amounting to approximately RMB52.8 million, of which RMB5,267,000 was remained unpaid as at 31 December 2020 and 2021. Such RMB5,267,000 declared dividends were fully paid on 14 January 2022. In 2021, our Company declared dividends of RMB40,000,000, which remained unpaid as at 31 December 2021. Such RMB40,000,000 declared dividends were also fully paid on 14 January 2022.

NET CURRENT ASSETS

The following table sets out a breakdown of our net current assets as at the dates indicated:

	As at 31 December			As at 28 February
	2019	**2020**	**2021**	**2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* (unaudited)
Current assets				
Contracts assets	–	12,649	1,301	–
Dividends receivables	–	–	2,580	2,580
Trade and other receivables	446,642	271,758	417,860	471,783
Inventories	58,119	53,525	51,823	56,357
Prepayments	3,885	11,003	42,690	44,371
Current income tax receivables	13,251	10,549	10,373	6,388
Cash and cash equivalents	188,208	233,950	249,162	36,914
Restricted cash	–	201	–	–
	710,105	593,635	775,789	618,393

	As at 31 December			As at 28 February
	2019	2020	2021	2022
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
				(unaudited)
Current liabilities				
Trade payables	62,478	134,629	180,793	137,415
Accruals and other payables	444,587	307,508	254,642	192,302
Contract liabilities	88,419	118,009	194,632	188,387
Lease liabilities	2,400	6,661	3,854	3,880
Dividends payables	–	5,267	45,267	–
Financial liabilities at fair value through profit or loss	–	–	2,000	2,000
Current income tax liabilities	2,735	9,032	5,205	203
Borrowings	–	11,000	–	–
	600,619	592,106	686,393	524,187
Net current assets	109,486	1,529	89,396	94,206

As at 31 December 2019, 2020, 2021 and 28 February 2022, we had net current assets of approximately RMB109.5 million, RMB1.5 million, RMB89.4 million and RMB94.2 million, respectively.

Our net current assets decreased from approximately RMB109.5 million as at 31 December 2019 to approximately RMB1.5 million as at 31 December 2020, primarily due to (i) the increase in intangible assets of approximately RMB115.8 million mainly attributable to the recognition of goodwill and customer relationship arose from the acquisitions of GSN Shanghai and Guangxi Shengkang for the year ended 31 December 2020 which were mainly settled by cash; (ii) dividend distribution of approximately RMB52.8 million to shareholders; and (iii) the purchase of electronic equipment of approximately RMB5.0 million during the year, partially offset by (a) the net profits of approximately RMB84.5 million for the year ended 31 December 2020; and (b) the increase in deferred income tax liabilities of approximately RMB9.7 million principally resulting from the acquisitions of GSN Shanghai and Guangxi Shengkang for the year ended 31 December 2020 which were mainly settled by cash.

Our net current assets increased by approximately RMB87.9 million from approximately RMB1.5 million as at 31 December 2020 to approximately RMB89.4 million as at 31 December 2021, which was primarily due to (i) the increase in our total equity of approximately 56.0% from RMB165.5 million as at 31 December 2020 to approximately RMB258.1 million as at 31 December 2021. Such increase was mainly due to the increase in our net profits for the year ended 31 December 2021, which was in line with our continuous increase in business scale, partially offset by the increase in our dividends payables of RMB40.0 million to shareholders; and (ii) the decrease in our non-current assets resulting from the decrease in our right-of-use assets as the number of offices we leased decreased in 2021.

Our net current assets increased from approximately RMB89.4 million as at 31 December 2021 to approximately RMB94.2 million as at 28 February 2022, primarily due to the net profits for the two months ended 28 February 2022.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our working capital requirements, capital expenditure for our business expansion and acquisitions. We have historically funded our operations primarily through cash generated from our operations. As at 31 December 2019, 2020 and 2021, we had cash and cash equivalents and restricted cash of approximately RMB188.2 million, RMB234.2 million and RMB249.2 million, respectively.

Following completion of the Global Offering, we expect to fund our future working capital, capital expenditure and other cash requirements through cash generated from our operations and the net proceeds from the Global Offering. Our ability to fund our working capital needs and finance other obligations depends on our future operating performance and cash flow, which are in turn subject to the prevailing economic conditions, the level of spending by our customers and other factors, many of which are beyond our control. In addition, any future significant acquisition or expansion may require additional capital, and we cannot assure you that such capital will be available to us on acceptable terms, or at all. We did not experience any liquidity shortage during the Track Record Period.

	The year ended 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Operating cash flows before changes in working capital	50,263	103,761	170,662
Changes in working capital	210,389	203,940	(8,298)
Refund of income tax for prior years	–	4,650	–
Income tax paid	(24,062)	(8,825)	(26,291)
Net cash generated from operating activities	236,590	303,526	136,073
Net cash generated from/(used in) investing activities	330,524	39,460	(78,451)
Net cash used in financing activities	(466,210)	(297,244)	(42,410)
Net increase in cash and cash equivalent	100,904	45,742	15,212
Cash and cash equivalents at the beginning of the year	87,304	188,208	233,950
Cash and cash equivalents at the end of the year	188,208	233,950	249,162

Net cash generated from/(used in) operating activities

We generate cash from our operating activities primarily from provision of property management services, community value-added services and value-added services to non-property owners, and cash used in our operating activities were primarily attributable to payments of labour costs and subcontracting costs, among others. Cash flows from operating activities would be affected by factors such as the timing of collection of trade receivables from customers and the timing of payment of trade payables to suppliers and third-party subcontractors during the ordinary course of our business, which also primarily accounted for the difference in the net cash generated from operating activities among the years during the Track Record Period.

Net cash from operating activities amounted to approximately RMB236.6 million in 2019, primarily reflecting (i) profit before income tax of approximately RMB31.5 million; (ii) positive movement of operating cash flow before movements in working capital of approximately RMB18.8 million, which primarily reflected share-based payments of approximately RMB23.5 million, interest expense on bank borrowings of approximately RMB12.5 million, depreciation of property and equipment of approximately RMB1.8 million and depreciation of right-of-use assets of approximately RMB1.6 million, partially offset by interest income from loan to related parties of approximately RMB12.5 million, share of results of investment in joint ventures and associates of approximately RMB5.5 million, reversal of provision for impairment of other receivables of approximately RMB1.6 million and reversal of provision for impairment of trade receivables of approximately RMB1.6 millions; (iii) positive movements in working capital of approximately RMB210.4 million, which primarily reflected decrease in trade receivables of approximately RMB110.7 million, increase in accruals and other payables of approximately RMB75.0 million, decrease in inventories of approximately RMB12.8 million, and increase in trade payables of approximately RMB27.7 million, partially offset by increase in prepayments and other receivables of approximately RMB15.9 million; and (iv) income tax paid of approximately RMB24.1 million.

Net cash from operating activities amounted to approximately RMB303.5 million in 2020, primarily reflecting (i) profit before income tax of approximately RMB98.7 million; (ii) positive movement of operating cash flow before movements in working capital of approximately RMB5.1 million, which primarily reflected depreciation of property and equipment of approximately RMB3.0 million, depreciation of right-of-use assets of approximately RMB3.6 million and provision for impairment of trade receivables of approximately RMB2.9 million, partially offset by reversal of provision for impairment of other receivables of approximately RMB1.6 million and share of results of investment in joint ventures and associates of approximately RMB5.7 million; (iii) positive movements in working capital of approximately RMB203.9 million, which primarily reflected decrease in prepayment and other receivables of approximately RMB233.9 million, the increase in trade payable of approximately RMB34.3 million; and increase in accruals and other payables of approximately RMB40.5 million, partially offset by increase in trade receivables of approximately RMB109.4 million; (iv) income tax paid of approximately RMB8.8 million; and (v) refund of income tax for prior years of approximately RMB4.7 million.

Net cash from operating activities amounted to approximately RMB136.1 million in 2021, primarily reflecting (i) profit before income tax of approximately RMB154.0 million; (ii) positive movement of operating cash flow before movements in working capital of approximately RMB16.6 million, which primarily reflected depreciation of property and equipment of approximately RMB6.2 million, amortization of intangible assets of approximately RMB5.5 million, depreciation of right-of-use assets of approximately RMB5.4 million and provision for impairment of trade receivables of approximately RMB3.5 million, partially offset by the share of results of investment in joint ventures and associates of approximately RMB7.2 million; (iii) negative movements in working capital of approximately RMB8.3 million, which primarily reflected the increase in trade receivables of approximately RMB143.4 million, the increase in prepayment and other receivables of approximately RMB16.1 million, partially offset by the decrease in inventories of approximately RMB1.7 million, the increase in trade payables of approximately RMB46.2 million and increase in accruals and other payables of approximately RMB103.3 million; and (iv) income tax paid of approximately RMB26.3 million.

Net cash generated from/used in investing activities

Our investing activities consisted primarily of repayment of advances to related parties and advances to related parties, purchase of property, plant and equipment and intangible assets, as well as acquisition of a joint venture.

For the year ended 31 December 2019, our net cash generated from investing activities was approximately RMB330.5 million, reflecting (i) repayment of advances to related parties of approximately RMB655.8 million; (ii) interest received from loans to related parties of approximately RMB12.5 million; (iii) proceeds from full redemption of financial assets at FVPL of approximately RMB6.8 million, partially offset by advances to related parties of approximately RMB327.5 million, acquisition of a joint venture of RMB11.0 million and purchase of property, plant and equipment of approximately RMB7.8 million.

For the year ended 31 December 2020, our net cash generated used in investing activities was approximately RMB39.5 million, primarily reflecting the advances to related parties of approximately RMB66.6 million, purchase of property, plant and equipment of approximately RMB6.4 million and the payment for acquisition of subsidiaries, net of cash and cash equivalent acquired of approximately RMB12.8 million, partially offset by the repayment of advances to related parties of approximately RMB126.3 million.

For year ended 31 December 2021, our net cash used in investing activities was approximately RMB78.5 million, primarily reflecting (i) the advance to related parties of approximately RMB155.3 million; and (ii) payment for acquisition of subsidiaries, net of cash and cash equivalents acquired of approximately RMB71.1 million; partially offset by repayment of loans and advances to related parties of approximately RMB160.3 million.

Net cash used in financing activities

Our financing activities consisted primarily of repayments of bank borrowings, repayments of advances from related parties and dividends paid.

For the year ended 31 December 2019, our net cash used in financing activities was approximately RMB466.2 million, primarily reflecting (i) repayment of bank borrowings of approximately RMB266.0 million; (ii) repayments of advances from related parties of approximately RMB703.2 million; and (iii) dividends paid to parent company of approximately RMB80.0 million, partially offset by proceeds from advances from related parties of approximately RMB534.7 million.

For the year ended 31 December 2020, our net cash used in financing activities was approximately RMB297.2 million, primarily reflecting (i) dividend paid to parent company of approximately RMB47.5 million; and (ii) repayment of advances from related parties of approximately RMB1,203.0 million, partially offset by proceeds from advances from related parties of approximately RMB944.6 million.

For the year ended 31 December 2021, our net cash used in financing activities was approximately RMB42.4 million, primarily reflecting the repayments of advances from related parties of approximately RMB50.2 million, repayments of bank borrowings of approximately RMB11.0 million and payment for listing expenses of approximately RMB16.6 million; partially offset by proceeds from advances from related parties of approximately RMB45.2 million.

Sufficiency of working capital

After taking into consideration the financial resources available to our Group, including our bank balances and cash on hand, operating cash flows and the estimated net proceeds from the Global Offering, and in the absence of unforeseeable circumstances, our Directors are of the opinion that we have sufficient working capital for our business and operations for at least the next 12 months from the date of this prospectus.

INDEBTEDNESS

	As at 31 December			**As at 28 February**
	2019	**2020**	**2021**	**2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* (unaudited)
Borrowings	–	11,000	–	–
Other payables due to related parties	263,714	5,335	363	363
Lease liabilities	6,159	18,117	10,374	10,400
Total	269,873	34,452	10,737	10,763

As at 31 December 2019, 2020, 2021 and 28 February 2022, our indebtedness amounted to approximately RMB269.9 million, RMB34.5 million, RMB10.7 million and RMB10.7 million, respectively.

Borrowings

Our total borrowings amounted to approximately nil, RMB11.0 million, nil and nil as at 31 December 2019, 2020, 2021 and 28 February 2022, respectively. The following table sets out a repayment schedule of our borrowings as at the dates indicated:

	As at 31 December			**As at 28 February**
	2019	**2020**	**2021**	**2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* (unaudited)
Less than one year	–	11,000	–	–
One to two years	–	–	–	–
Two to five years	–	–	–	–
Total	–	11,000	–	–

In 2016, two of our subsidiaries, namely Chongqing Dongyuan and Sichuan Dongyuan, being the immediate borrowers, entered into the non-recurring Entrusted Loan Arrangement with a commercial bank in the PRC and Dima, being the ultimate borrower by pledging the income derived from provision of property management services of two subsidiaries of our Company, namely Chongqing Dongyuan and Sichuan Dongyuan, from 1 July 2016 to the settlement date of such borrowing. Our involvement in the Entrusted Loan Arrangement was in support of Dima'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 loan under the Entrusted Loan Arrangement. As advised by our PRC Legal Advisers, the Entrusted Loan Arrangement complied with the relevant laws and regulations. The Entrusted Loan Arrangement comprised a principal of RMB430,000,000 and interest at a rate of 6.85% per annum. As at the Latest Practicable Date, such loan had been fully repaid by us and the relevant security had been released. Our Group will not enter into similar Entrusted Loan Arrangement in the future.

As at 31 December 2020 bank borrowings of RMB11.0 million were secured by guarantees provided by Dima Group. Such bank borrowing had been fully repaid in April 2021. As at the Latest Practicable Date, there were no unutilised bank facilities.

Non-HKFRS measures

To supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with HKFRS, we also presented adjusted net profit, adjusted net profit margin and adjusted gearing ratio as an additional financial measures. Please refer to the section headed "Financial information – Indebtedness – Borrowings – Non-HKFRS measures" in this prospectus for detailed definitions and methods of calculation.

These non-HKFRS measures eliminate the effect of borrowings and loans due to a related party related to the Entrusted Loan Arrangement. The adjustments have been consistently made during the Track Record Period, such adjustments comply with guidance letter HKEX-GL-103-19. Therefore, we believe these non-HKFRS measures facilitate comparison of our financial performance and position by eliminating the impact of items and therefore provide more useful information to investors and others in understanding and evaluating our consolidated results of operation and financial position in the same manner as our management. Our presentation of these non-HKFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operation or financial condition as reported from HKFRS.

The following table reconciles our adjusted net profit for the year presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs, which is profit for the years indicated:

	Year ended 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Profit for the year	25,592	84,468	130,395
Adjusted by:			
– Interest income from loans to related parties related to the Entrusted Loan Arrangement	(12,531)	–*Note*	–*Note*
– Interest expense on borrowings related to the Entrusted Loan Arrangement	12,531	–*Note*	–*Note*
Adjusted net profit	25,592	84,468	130,395

Note: The loan related to the Entrusted Loan Arrangement had been fully repaid by us and the relevant security had been released in 2019.

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

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total equity	125,660	165,500	258,052
– Income and expenses related to borrowings and loans to a related party related to the Entrusted Loan Arrangement	(47)	–*Note*	–*Note*
Adjusted total equity	125,613	165,500	258,052

Note: The loan related to the Entrusted Loan Arrangement had been fully repaid by us and the relevant security had been released in 2019.

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

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total debt[(1)]	6,159	29,117	10,374
– Borrowings related to the Entrusted Loan Arrangement	–[(2)]	–[(2)]	–[(2)]
Adjusted total indebtedness	6,159	29,117	10,374

Notes:

(1) Total debt being the aggregate of total borrowings and lease liabilities.

(2) The loan related to the Entrusted Loan Arrangement had been fully repaid by us and the relevant security had been released in 2019.

The following table sets out the impact of the Entrusted Loan Arrangement on our net profit, net profit margins and gearing ratios during the Track Record Period after excluding other income and interest expenses in relation to the Entrusted Loan Arrangement from our financial results as of the dates and for the year indicated:

	Year ended 31 December		
	2019	**2020**	**2021**
Before adjusting for the Entrusted Loan Arrangement:			
Net profit for the year (RMB'000)	25,592	84,468	130,395
Net profit margin (%)(1)	4.6	11.0	10.9
Gearing ratio (%)(2)	4.9	17.6	4.0
After adjusting for the Entrusted Loan Arrangement:			
Adjusted net profit for the year	25,592	84,468	130,395
Net profit margin (%)(1)	4.6	11.0	10.9
Gearing ratio (%)(2)	4.9	17.6	4.0

Notes:

(1) Net profit margin is calculated based on our net profit after taxes divided by our total revenue in the same year, multiplied by 100%.

(2) Gearing ratio is calculated based on calculated based on the total debt as at the respective dates divided by total equity. For the purpose of this calculation, total debt includes borrowings and lease liabilities.

Other payables due to related parties

As at 31 December 2019, 2020, 2021 and 28 February 2022, we had accruals and other payables due to related parties of approximately RMB263.7 million, RMB5.3 million, RMB0.4 million and RMB0.4 million, respectively. These amounts due to related parties are unsecured and interest-free.

Lease liabilities

The table below sets out our current and non-current lease liabilities as at the dates indicated:

	As at 31 December			As at 28 February
	2019	**2020**	**2021**	**2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Current	2,400	6,661	3,854	3,880
Non-current	3,759	11,456	6,520	6,520
Total	6,159	18,117	10,374	10,400

Save as disclosed in the paragraph headed "Indebtedness" in this section above, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in nature of borrowings including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, debentures, charges mortgages, material contingent liabilities or guarantees outstanding as at 28 February 2022.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults in payment of our trade and non-trade payables and borrowings, nor breaches of covenants. Except as disclosed herein, we did not have any banking facilities, outstanding loan capital, debt securities issued or agreed to be issued, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities or any covenant in connection therewith as of 28 February 2022, being the latest practicable date for the purpose of the indebtedness statement.

RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record period, we carried out transactions with related parties as stated in note 36 to the Accountant's Report in Appendix I to this prospectus.

(a) Services provided to related parties

During the Track Record Period, we provided (i) property management services; (ii) certain value-added services to non-property owners, such as sales assistance services, pre-delivery consultancy and inspection services; and (iii) community value-added services, such as car parking spaces and property sales services, community events planning services and others to Dima Group, Affiliated Companies and other related party(ies). The following table sets out a summary of transactions therewith during the Track Record Period:

Related party transaction that will continue after Listing:

	Year ended 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Property management services			
– Dima Group	15,037	28,486	32,525
– Affiliated Companies	1,852	9,008	7,951
	16,889	37,494	43,476
Value-added services to non-property owners			
Sales assistance services			
– Dima Group	46,005	58,640	75,023
– Affiliated Companies	19,755	17,459	18,726
	65,760	76,099	93,749
Maintenance and renovation services and pre-delivery consultancy and inspection services			
– Dima Group	20,018	27,637	24,939
– Affiliated Companies	7,750	8,941	4,503
	27,768	36,578	29,442

	Year ended 31 December		
	2019	2020	2021
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Additional tailored services			
– Dima Group	22,578	69,572	82,132
– Affiliated Companies	6,030	12,082	12,475
	28,608	81,654	94,607
Community value-added services			
Car parking spaces and property sales services			
– Dima Group	42,633	56,585	65,192
– Affiliated Companies	7	187	2,244
	42,640	56,772	67,436
Car parking spaces management services			
– Dima Group	14,063	15,162	22,437
– Affiliated Companies	289	969	3,484
	14,352	16,131	25,921
Community events planning services			
– Dima Group	11,100	10,431	17,436
– Affiliated Companies	3,940	2,324	2,858
	15,040	12,755	20,294

Related party transactions that will not continue after Listing:

	Year ended 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Advances to			
– Dima Group	278,025	116,061	155,270
Advances from			
– Dima Group	534,687	944,586	45,224
Repayments of advances to			
– Dima Group	655,803	126,285	160,270
Repayments of advances from			
– Dima Group	703,228	1,202,966	50,196
Interest income			
– Dima Group	12,531	–	–
Leasing fee for office buildings paid by			
– Dima Group	2,272	2,014	–
Car parking spaces and other purchases			
– Dima Group	547	–	–

These related party transactions were conducted in accordance with terms as agreed between the respective related parties and us. Our Directors have confirmed that all the aforementioned related party transactions during the Track Record Period were conducted at arm's length and on normal commercial terms that are fair and reasonable and in the interest of our Group as a whole. Our Directors have further confirmed that these related party transactions would not distort our results of operation for the Track Record Period or make our historical results not reflective of our future performance.

(b) Balances with related parties

The following table sets forth our amounts due from/to Dima Group, Affiliated Companies and other related party(ies) as at the dates indicated:

Trade nature

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Trade receivable			
– Dima Group	58,539	111,837	177,577
– Affiliated Companies	11,380	19,450	37,770
	69,919	131,287	215,347
Contract assets			
– Dima Group	–	9,948	1,301
Other receivables			
– Dima Group	251,720	63	323
– Affiliated Companies	1,060	88	495
	252,780	151	818
Contract liabilities			
– Dima Group	4,561	4,796	2,879
– Affiliated Companies	548	571	693
	5,109	5,367	3,572
Trade payables			
– Dima Group	50,204	31,336	2,759
– Affiliated Companies	–	–	125
	50,204	31,336	2,884
Other payables			
– Dima Group	8,534	5,259	7,491
– Affiliated Companies	246	–	70
	8,780	5,259	7,561

Non-trade

	As at 31 December		
	2019	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Other receivables			
– Dima Group	64,343	5,001	1
Other payables			
– Dima Group	263,714	5,335	363
Dividends receivables			
– Affiliated Companies	–	–	2,580
Dividend payables			
– Dima Group	–	–	20,416
– Shareholders of our Company	–	5,267	9,659
	–	5,267	30,075

Above trade receivables and trade payables due from/due to Dima Group are trade in nature, while the other receivables and other payables due from/to Dima Group are non-trade in nature.

Other payables due to Dima Group are unsecured and interest-free. Save as disclosed in the paragraph headed "Related party transactions and balances – (b) Balances with related parties" in this section above, related party balances which are non-trade in nature mainly represented funding arrangements with Dima Group which are all interest-free, unsecured and repayable on demand in order to meet the working capital needs from time to time. All related party balances which are non-trade in nature will be fully settled prior to Listing.

CAPITAL EXPENDITURE, COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure

Our capital expenditures represented additions to property, plant and equipment and other intangible assets, including assets from the acquisitions made during the Track Record Period. For the three years ended 31 December 2021, we incurred capital expenditures of approximately RMB9.1 million, RMB9.1 million and RMB16.0 million, respectively.

Our Directors estimate that our capital expenditure for the year ending 31 December 2022 will be approximately RMB18.2 million. Such estimate represents the total capital expenditure we expect to incur based on our existing business plans, including primarily various types of IT platforms and systems that we expect to develop and enhance as stated in the section headed "Future plan and use of proceeds – Use of proceeds" in this prospectus. We may adjust our business plans and the estimate total capital expenditure may also change.

Commitments

During the Track Record Period, we did not have any material capital commitment.

Contingent liabilities

Save as disclosed in the paragraph headed "Indebtedness" in this section, our Group had no material contingent liabilities as at 31 December 2019, 2020 and 2021.

KEY FINANCIAL RATIOS

	Year ended/as at 31 December		
	2019	**2020**	**2021**
Current ratio(1)	118.2%	100.3%	113.0%
Gearing ratio(2)	4.9%	17.6%	4.0%
Return on assets(3)	3.4%	10.8%	13.5%
Return on equity(4)	20.5%	53.3%	51.6%

Notes:

1. Current ratio is calculated based on our total current assets divided by our total current liabilities as at the respective date.

2. Gearing ratio is calculated based on the total debt as at the respective dates divided by total equity. For the purpose of this calculation, total debt includes borrowings and lease liabilities.

3. Return on assets is calculated by dividing our profit for the year (on an annualised basis) divided by total assets of the respective year and multiplying the resulting value by 100%.

4. Return on equity is calculated by dividing total comprehensive income attributable to owners of our Company by total equity attributable to owners of our Company of the respective year (on an annualised basis) and multiplying the resulting value by 100%.

Current ratio

Our current ratio remained relatively stable at approximately 118.2% as at 31 December 2019, approximately 100.3% as at 31 December 2020 and approximately 113.0% as at 31 December 2021.

Gearing ratio

Our gearing ratio increased to approximately 17.6% in 2020 primarily due to our increase in bank borrowing in 2020. Our gearing ratio decreased from approximately 17.6% as at 31 December 2020 to approximately 4.0% as at 31 December 2021, primarily due to the (i) the increase in our retained earnings of approximately 167.2% as at 31 December 2021; (ii) the decrease in our lease liabilities; and (iii) the decrease in our borrowings, which had been fully repaid in 2021.

Return on assets

Our return on assets increased to approximately 10.8% in 2020, primarily due to the increase in profit for the year ended 31 December 2020. Our return on assets increased from approximately 10.8% for the year ended 31 December 2020 to approximately 13.5% for the year ended 31 December 2021 primarily due to increase in profit for the year ended 31 December 2021.

Return on equity

Our return on equity increased to approximately 53.3% in 2020, primarily due to the increase in profit of approximately 230.1% between 2019 and 2020 which was larger than the increase in total equity of approximately 31.7% as at 31 December 2019 and 2020. The increase in total equity was primarily due to the increase in retained earnings of approximately 116.0% resulting from our profit generated in our operation. Our return on equity slightly decreased from 53.3% in 2020 to approximately 51.6% in 2021, primarily due to the increase in total equity attributable to owners of the Company by approximately 56.9% as at 31 December 2021 compared to that as at 31 December 2020 as mainly driven by the increase in retained earnings of approximately 167.2% as at 31 December 2021 resulting from our Group's profit generated in its operation.

LISTING EXPENSES

The total estimated listing expenses ("**Listing Expenses**") in connection with the Global Offering, including underwriting commission, is approximately RMB53.5 million (based on the mid-point of the indicative Offer Price range of HK$13.65 per Offer Share and assuming no Over-allotment Option will be exercised), representing approximately 20.5% of the gross proceeds from the Global Offering (assuming an Offer Price of HK$13.65 per Offer Share, being the mid-point of the indicative Offer Price range and before the exercise of the Over-allotment Option), among which, (a) approximately RMB48.3 million is attributable to the issuance of Offer Shares and will be charged to equity upon completion of the Global Offering, (b) approximately RMB1.0 million had been charged to our consolidated statement of comprehensive income for the year ended 31 December 2021; and (c) approximately RMB4.2 million will be charged to our consolidated statement of comprehensive income for the year ending 31 December 2022. Listing expenses of approximately HK$66.0 million incurred for engagement of professional parties in connection with Listing and the underwriting commission relating to underwriting the new Shares of the Global Offering are to be borne by our Company as all professional services rendered in connection with Listing are for our Company's benefits and interests to be brought by its listing status. These Listing expenses mainly comprise professional fees paid and payable to the professional parties for their services rendered in relation to Listing and the Global Offering which are non-underwriting related expenses, including fees for the Sole Sponsor, legal advisers and reporting accountant of our Company of approximately HK$42.1 million, and other non-underwriting-related fees and expenses of approximately HK$14.0 million, as well as the non-professional fees payable to the Underwriters and other relevant parties in connection to underwriting the new Shares of the Global Offering, including the underwriting commission (including SFC transaction levy, Stock Exchange trading fee and FRC transaction levy) of approximately HK$9.9 million.

Since the aforementioned fees and expenses are comparable to the same for other companies which are recently listed on the Main Board of the Stock Exchange, our Directors are of the view that they are not material or unusually high. Up to 31 December 2021, we have incurred listing expenses of approximately RMB22.5 million for the Global Offering, of which RMB1.0 million had been charged to our consolidated statement of comprehensive income for the year ended 31 December 2021 and RMB21.5 million had been included in prepayments and will be recognised as a deduction in equity upon completion of the Global Offering. We expect to incur additional listing expenses of approximately RMB31.0 million until completion of the Global Offering, of which approximately RMB4.2 million is expected to be charged to our consolidated statements of comprehensive income for the year ending 31 December 2022 and approximately RMB26.8 million is expected to be recognised as a deduction in equity directly. Our Directors do not expect that our listing expenses will have a material adverse impact on our financial performance for the year ending 31 December 2022.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had no off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

In the normal course of business, we are exposed to various types of risks, mainly including credit risk and liquidity risk. Our Directors review and agree on the policies for managing each type of risks. For further details, please refer to note 3.1 to the Accountant's Report in Appendix I to this prospectus.

Credit risk

We are exposed to credit risk in relation to our trade receivables and contract assets, other receivables and cash deposits at banks. The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

We expect no significant credit risk associated with our cash deposits at banks and amounts due from related parties since cash deposited at banks are mainly placed with state-owned and reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. We consider the identified credit losses are immaterial.

We expect the credit risks associated with amount due from related parties is considered to be low since our related parties have a strong capacity to meet their contractual cash flow obligation in the near future.

In relation to credit risk associated with other receivables other than those from related parties, we make periodic collective assessments on the recoverability of other receivables based on the payment profiles of sales over a period of 36 months before each year end and the corresponding historical credit losses experienced within this period. Our Directors believe that there is no material credit risk inherent in the outstanding balance of other receivables.

For details, please refer to note 3.1(b) to the Accountant's Report in Appendix I to this prospectus.

Liquidity risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by us to finance our operations and mitigate the effects of fluctuations in cash flow. For details regarding our financial abilities into relevant maturity groupings at each balance sheet date, please refer to note 3.1(c) to the Accountant's Report in Appendix I to this prospectus.

DIVIDEND

In 2020 and 2021, our Company declared dividends amounting to RMB52.8 million and RMB40.0 million, respectively, to its shareholders at the relevant time, namely (i) Dongyuan Real Estate, Tianjing Chengfang, and Tianjing Partnership for 2020; and (ii) Tianjin Chengfang, Tianjin Partnership, Kingdom Vast and Harvest Property for 2021. Save as aforementioned, no dividend has been paid or declared by our Group during the Track Record Period.

Subject to the provisions of the Articles of Association and applicable PRC laws and regulations, the payment and amounts of dividends (if any) depend on our results of operation, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and others factors which we consider relevant. Holders of our Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

Please see the section headed "Unaudited pro forma financial information" in Appendix II to this prospectus for our unaudited pro forma adjusted combined net tangible assets.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group has entered into (i) nine new property management service agreements with Independent Third Parties with a total contracted GFA of approximately 0.1 million sq.m., all of such property projects have been delivered; and (ii) one new property management service agreement with Dima Group and Affiliated Companies. Such property project has been delivered. Our revenue increased for the two months ended 28 February 2022 as compared to the same period last year. This increase in revenue was primarily due to the growth of GFA under our management attributable to the increase in number of property projects of our property management business line.

The outbreak of COVID-19 has continued to affect worldwide subsequent to 31 December 2021. However, according to CIA, the impacts of outbreak of COVID-19 on the property management industry in the PRC is expected to be limited in the long run, because the solid economic scale in the PRC is capable of withholding the impact of COVID-19. The outbreak of COVID-19 has improved the level of trust and stickiness by many property owners and residents on the services provided by property management companies, and promoted the development of value-added services offered by property management companies such as delivery services, house cleaning and disinfecting services, among others, according to CIA.

As at the Latest Practicable Date, we had not encountered any material disruption to the services by our third-party subcontractors and utilities services providers and the supply of materials from our suppliers. In addition, we did not experience any material disruption to our business operations as a result of the outbreak of COVID-19 as at the Latest Practicable Date.

In response to the outbreak of the COVID-19, we have implemented a contingency plan and have adopted enhanced hygiene and precautionary measures across our office premises and managed property projects. For the two years ended 31 December 2020 and 2021, we incurred an aggregate cost of approximately RMB1.8 million and RMB98,000, respectively, as additional costs for implementing these enhanced measures mainly related to masks, ethanol hand wash, disinfectants and infrared thermometers. However, 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, relevant regulatory policies such as reduction in payment of social insurance contributions, pursuant to the Notice on the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises (關於階段性減免企業社會保險費的通知) and Notice on Extending the Implementation Period of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises and other issues (關於延長階段性減免企業社會保險費政策實施期限等問題的通知) issued by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration, and other relevant information available to the Company as at the Latest Practicable Date, would have no significant adverse impact on our Group's financial position for the year ending 31 December 2022. Please refer to section headed "Business – Effect of the COVID-19 outbreak" in this prospectus.

The recent PRC government's proposal to tighten the borrowing criteria for property developers by implementing the "three red-lines" policy is not expected to have material impact on our Group's business operation and financial performance as such policy primarily applies to property developers instead of property management service providers, such as our Group. Regarding Dima Group, to the best knowledge of our Directors and based on the publicly available financial information of Dima Group as at 30 September 2021, Dima Group is among the "yellow tier" where one of the three financial ratios (i.e. the cash to short-term debt ratio) exceeds the red line standards pursuant to the relevant regulations (i.e. lower than 1.0 time). Pursuant to the relevant regulations, companies whose financial ratios exceed one red line are only allowed to expand their interest-bearing debt at a maximum annual rate of 10% ("**Interest-bearing Debt Expansion Restriction**"). To the best knowledge of our Directors, the exceed of the red line requirement regarding cash to short-term debt ratio was primarily due to the fact that certain debt which were long-term debt as at 31 December 2020 were considered to be short-term debt as at 30 September 2021 according to their relevant actual due date. As a matter of fact and to the best knowledge of our Directors and based on the publicly available financial information of Dima Group as at the end of 2020, Dima Group was among the "green tier" where its financial ratios did not exceed any of the three red line standards pursuant to the relevant regulations. To the best knowledge of our Directors, Dima Group is pro-actively optimising its debt structure and has increasingly utilised development loan financing obtained from commercial banks and gradually reduced the use of various short-term financing and/or bridging loan. Dima Group will also continue to increase its proportion of long-term debt through the issuance of bonds and inter-bank debt financing tools. As confirmed with Dima, when Dima implements the aforementioned measures, Dima would also decrease its short-term debts by means including gradually reduce new short-term financing, repayment of certain short-term loans etc., so as to achieve a lower proportion of its short-term debts in its total debt balance. In other words, Dima would alternate the composition of total debt in order to maintain the total debt balance of Dima Group generally being constant at a level that complies with the other two financial ratios (liability-to-asset ratio and net gearing ratio). As such, to the best knowledge of our Directors, the exceed of the red line requirement regarding cash to short-term debt ratio would be temporary and Dima Group is expected to improve its financial conditions and optimise its financial ratio such that Dima Group would be considered to be among the "green tier" in the near future. On the other hand, the remaining two financial ratios, i.e. liability-to-asset ratio and net gearing ratio, take into account of the total debt, including both short-term and long-term debts, as a whole, instead of focusing on short-term debt only, which is the case for non-restricted cash-to-current borrowing ratio. As such, even when Dima Group reclassified certain long-term debt to short-term debt as discussed above (which results in the change in the amount of current borrowings and in turn the non-restricted cash-to-current borrowing ratio), without changes in the total debts, liability-to-asset ratio and net gearing ratio of Dima Group were not affected. As such, the Interest-bearing Debt Expansion Restriction is not expected to have material and long-term impact on the business operation and financial performance of Dima Group. Since the "three red-lines" policy only applies to property developers in the PRC, we, as a company principally engaged in property management service, is not subject to the requirements of the "three red-lines" policy.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since 31 December 2021, the end of the period reported on in the Accountant's Report set out in Appendix I to this prospectus, and there are no events which would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountant's Report included in Appendix I to this prospectus.

DISTRIBUTABLE RESERVES

Pursuant to the Articles, profit after taxation of our Company, after (i) offsetting losses carried forward from previous years, (ii) transferring 10% of its profit after taxation as contribution to its statutory reserve fund under the relevant PRC rules and regulations, and (iii) deducting other contributions to the reserve fund as determined by our Company, shall be distributable to our Shareholders as dividends. As at 31 December 2021, our Company had retained earnings of approximately RMB45.5 million under HKFRSs, as reserves available for distribution to our Shareholders.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please see the section headed "Business – Our business strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$13.65 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$189.6 million, after deduction of underwriting fees and commissions and estimated expenses payable in connection with the Global Offering and assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes:

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	(HK$ million)		%	(HK$ million)					
Expand our property portfolio and business scale through strategic investments, cooperation and acquisition[(1)]	65.00	123.2				We believe that undertaking strategic acquisition and investments may facilitate rapid expansion of our business scale, geographic coverage and/or service offerings. Not only will these result in revenue and net profit growth under our three business segments, but our Directors are of the view that these efforts will also enhance our corporate profile, credibility and competitiveness among prospective customers and suppliers. The companies that we acquired during the Track Record Period contributed revenue of approximately RMB227.0 million to our revenue for the year ended 31 December 2021. We believe expansion through acquisitions help reduce our costs, time and risks compared to organically expanding into new markets due to the targets' existing local connections, brand image and experience with local policies, customs and market conditions. As such, we believe potential acquisition target(s) shall be able to further improve our financial performance by increasing our revenue and net profit. Within the next two years, we plan to acquire five to eight companies that could meet our criteria. Assuming (i) we can successfully complete acquisitions of companies on schedule; (ii) there is no changes in laws, regulations or government policies in the PRC relating to any aspect of property management industry; and (iii) there are no natural disasters, such as earthquake, typhoon or flood, or epidemics which may cause material adverse effect on either us or the target company(ies), upon completion of acquisitions of eight companies, it is expected that we would record an outflow of approximately RMB447 million which would affect our cash flow in the first year of acquisition, which would be financed by a combination of net proceeds and internal resources.				

(1) Many of our competitors that are listed on the Stock Exchange are looking for property management company(ies) in the PRC as acquisition target(s) around the same time. As we may compete with our peers when we identify suitable opportunities, we may not be able to complete acquisition(s) on terms favourable or acceptable to us, in a timely manner, or at all, or materialise our acquisition plan. Please refer to the section headed "Risk factors – Risks relating to our business and industry – Our future acquisitions of or investment in other companies may not be successful and we may face difficulties in integrating acquired operations with our existing business" in this prospectus for further details.

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
						In determining the amount of net proceeds to be used for acquisition of potential targets, we have taken into account the following factors: (1) the expected return of the investments; and (2) the market valuation multiple, such as price-to-earnings ratio, of comparable PRC property management companies. As at the Latest Practicable Date, we have not identified any suitable acquisition target(s) for our use of net proceeds from the Global Offering. Our Directors believe that there is an abundance of potential targets available in the market which can meet our criteria as set out below based on current and expected market conditions.				
						In terms of geographic coverage, we plan to continue focusing on strengthening our business presence in two major areas in the PRC, namely Southwestern China and Eastern China and we aim to acquire potential acquisition targets that are located in tier-one and/or tier-two cities, such as Chongqing, Wuhan, Chengdu and Shanghai, which are economically developed areas. Apart from these cities, we would also consider companies that are located in cities such as Beijing, Shenzhen and Guangzhou, which we also have business presence. We usually establish a subsidiary or branch office in a city that we operate in to centralise our management and operation of different property projects that we manage. As such, we may share resources amongst different property projects that we manage in the same city. Through our operation in different property projects in one city, we would be able to share resources amongst them. We believe such acquisition strategy would enable us to achieve economic efficiency.				
						There are more than 200,000 individual property management companies across the PRC. Based on the information provided by CIA, we have identified approximately				
						(i) 300 individual property management companies in Southwestern China and Eastern China with (a) GFA under management of no less than one million sq.m.; (b) an annual revenue derived from provision of property management services for residential properties of no less than RMB50.0 million; and (c) net profit margin of no less than 5% or more; and				

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe			
							July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
						(ii) 150 individual property management companies in Southern China and Eastern China with (a) GFA under management of no less than one million sq.m.; (b) an annual revenue derived from provision of property management services for non-residential properties of no less than RMB30.0 million; and (c) net profit margin of no less than 5%.				
						The aforementioned companies fulfilled the major criteria set out below for our target companies. Thus, CIA is of the view that (a) there shall be sufficient target companies available in the market for our expansion plan; and (b) as the property management industry in the PRC is becoming more concentrated with more vigorous mergers and acquisitions in the future, we shall be able to identify suitable acquisition targets. Based on the foregoing, our Directors are of the view that we will be able to identify suitable investment or acquisition targets which meet our criteria.				
						Assuming we can successfully complete the acquisitions of five independent residential property management companies and three non-residential property management companies in total by June 2024 and based on the information currently available to us after engaging independent consultancy company to conducting research on the aforementioned target companies identified by us, such as financial statements and GFA under management, and best estimation of our Group, approximately one-fifth of the contracted GFA and one-third of the total revenue of our Group will be sourced from Dima Group and Affiliate Companies, while approximately four-fifths of the contracted GFA and two-third of the total revenue of our Group will be sourced from Independent Third Parties, following completion of such acquisitions.				
						As (i) we require the target companies to meet certain financial performance (further details as set out below); and (ii) we do not intend to obtain borrowings for each of the acquisitions, we expect (a) our overall gearing ration will not have material changes; and (b) our return on equity will increase by approximately 5.0%, upon completion of such acquisitions.				

Major categories	Percentage of total proceeds %	Amount of total proceeds *(HK$ million)*	Sub-categories	Percentage of total proceeds %	Respective amount of total proceeds *(HK$ million)*	Specific explanation/plan(s)	Timeframe: July 2022 to December 2022	Timeframe: January 2023 to June 2023	Timeframe: July 2023 to December 2023	Timeframe: January 2024 to June 2024
			(a) Expansion through independent acquisition of residential property management companies	29.30	55.5	We target residential property management companies which meet the following criteria when we evaluate potential acquisitions and we intend to acquire majority or entire interests in targets that meet all or part of our criteria which mainly include, among others: • a competent management team with approximately five years of management experience in property management business and such management staff needs to obtain at least bachelor's degree; • a good reputation; • a revenue of not less than RMB50.0 million; • managing at least 15 residential property projects; • price-to-earnings ratio of 8-13 times; • a total GFA under management of no less than one million sq.m.; • operational efficiency or profit margin improvement potential (e.g. a net profit margin of at least 5% for the year immediately before acquisition); • a sound financial performance, e.g. a non-current asset of not less than RMB30.0 million, no existing encumbrances and any substantial borrowings; and • no material legal disputes and non-compliance As we plan to determine the acquisition consideration of residential property management companies with reference to the (i) price-to-earnings ratio; and (ii) net profit of each target company as set out in its latest audited report or any other financial information to be agreed between our Group and potential vendor(s), we estimate the amount of net proceeds to be used for purchasing each target company would range from RMB65 million to RMB200 million.	–	17.50% for acquisition of 1-2 companies	11.80% for acquisition of 2-3 companies	–

Major categories	Percentage of total proceeds %	Amount of total proceeds (HK$ million)	Sub-categories	Percentage of total proceeds %	Respective amount of total proceeds (HK$ million)	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
			(b) Expansion through independent acquisition of non-residential property management companies	35.70	67.7	We target non-residential property management companies which meeting the following criteria when we evaluate potential acquisitions and we intend to acquire majority or entire equity interests in targets that meet all or part of our criteria which mainly include, among others: • a competent management team with approximately five years of management experience in property management business and such management staff needs to obtain at least bachelor's degree; • a good reputation; • a revenue of not less than RMB30.0 million; • manage non-residential properties such as governmental facilities, schools, hospitals, commercial properties etc.; • manage at least 9 non-residential property projects; • price-to-earnings ratio of 8-13 times; • a total GFA under management of no less than one million sq.m.; • operational efficiency or profit margin improvement potential (e.g. a net profit margin of at least 5% for the year immediately before acquisition); • a sound financial performance, e.g. a non-current asset of not less than RMB30.0 million, no existing encumbrances and any substantial borrowings; and • no material legal disputes and non-compliance.	31.25% for acquisition of 1-2 companies	4.45% for acquisition of 1-2 companies	–	–
						As we plan to determine the acquisition of non-residential property management companies with reference to the (i) price-to-earnings ratio; and (ii) net profit of each target company based on its latest audited report or any other financial information to be agreed between our Group and potential vendor(s), we estimate the amount of net proceeds to be used for purchasing each target company would range from RMB65 million to RMB200 million.	–			

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe			
							July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
Improve service quality and extend our service offering along the value chain of property management to enhance our customer satisfaction and loyalty, as well as to satisfy differentiated demands from customers	16.50	31.3				We believe the continued development of our existing systems will allow us to improve service quality and extend our service offerings along the value chain of property management to enhance customer satisfaction and loyalty, as well as satisfy differentiated demands from our customers. We plan to develop and/or optimise our systems by expanding our research and development team (as further discussed below). We believe the expansion in our research and development team will optimise the organisation and functionality of our systems through strengthening our data analytical capability which in turn will enhance our users' experience and increase their satisfaction. Thus, it would convey a brand image to convert customers to loyal customers, as well as attract new customers for new engagements through word-of-mouth.				

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
			Customers' data analysis and relationship management systems	1.0%	1.9	We plan to develop customers' data analysis and relationship management systems. Such systems manages and analyses customer interactions and data throughout customer lifecycle in order to improve our provision of service to customer (e.g. analyse how our different types of interactions with customers would affect their satisfaction of our provision of services to them, alert responsible staff across different departments regarding customers' request upon receipt thereof so that we can respond to our customers in a timely and cost efficient manner) and assist in customers retention. With reference to the estimated complexity of and estimated time required for the development of each sub-system, and after taking into account of our experiences in developing similar types of systems in the past, we plan to have five technicians to increase the headcount in our current research and development team in 2022, including: • one software architect who will be responsible for requirement analysis and architecture design of system and related products, whom shall be newly hired directly by our Group; • two back-end engineer who will be responsible for the implementation of software system code and code writing, testing and maintenance according to design documents or requirements descriptions, one of whom shall be newly hired directly by our Group and the other shall be assigned by an independent IT service provider; • one application software engineer who will be responsible for the development on iOS, Android and apple platforms, and ensure our customers a reasonable and user-friendly experience, whom shall be newly hired directly by our Group; and • one maintenance engineer who will be responsible for daily operation and maintenance work, including system inspection, configuration changes, system updates and data backup, whom shall be assigned by an independent IT service provider.	0.37%	0.43%	0.20%	–

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		*%*	*(HK$ million)*					

The expected costs of optimising such systems would be approximately RMB7.0 million. The following table sets out a breakdown of the estimated costs that we require for developing each sub-system of customers' data analysis and relationship management systems:

	Customer relationship management system	Customers' data analysis system
	RMB million	*RMB million*
Estimated labour costs	4.7[1]	1.3[1]
Estimated hardware costs	0.8[2]	0.2[2]
Total:	5.5	1.5

Notes:

1. With references to the estimated (i) complexity of; (ii) time required; and (iii) time costs for the development of each sub-system.

2. With references to the fee quotes obtained regarding the required hardware.

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	 January 2023 to June 2023	 July 2023 to December 2023	 January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
			"東驛站" (Doyin station*) mobile application and relevant support systems	2.0	3.8	We plan to optimise our "東驛站" (Doyin station*) mobile application by developing further relevant support systems. Our existing mobile application assists users in carrying out wide range of daily activities in community that we manage (e.g. ordering food and/or daily necessities 24/7) in order to enhance their living experience. We plan to enhance our mobile application by including more functions, such as setting up a second-hand properties sale and rental platform. In addition, we plan to develop supporting systems which would create a membership system where users can accumulate membership points for participating in activities organised in communities that we manage in order to enhance our customers' stickiness. Furthermore, customers would also be able to share our provision of services through our mobile application on their social media accounts, which creates opportunity of promoting our brand, without incurring further costs for us. We plan to have a total of 11 technicians dedicated to increase the headcount in our current research and development team for the two years ending 31 December 2023, including: • one product manager who will be responsible for managing internal business needs and also needs from our users, conduct requirements analysis, product planning and follow up on the entire process of product development, testing and release, whom shall be our existing employee; • one software architect who will be responsible for requirement analysis and architecture design of system and related products, whom shall be our existing employee; • one website engineer who will be responsible for the development on our websites, and ensure our customers a reasonable and user-friendly experience, whom shall be our existing employee; • four application software engineers who will be responsible for the development on iOS, Android and apple platforms, and ensure our customers a reasonable and user-friendly experience, one of whom shall be newly hired directly by our Group and the rest shall be our existing employees; • one user experience engineer who will be responsible for the design of the user experience effect, such as interaction and visual, of systems, whom shall be our existing employee;	1.75%	0.25%	–	–

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe			
							July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					

- two examiners who will be responsible for product testing work and participate in the entire testing process, and responsible for product software function testing, interface testing, performance testing and safety testing, one of whom shall be assigned by an independent IT service provider; and
- one maintenance engineer who will be responsible for daily operation and maintenance work, including system inspection, configuration changes, system updates and data backup, whom shall be our existing employee.

The expected costs of optimising such systems would be approximately RMB14.0 million. The following table sets out a breakdown of the estimated costs that we require for upgrading/developing each sub-system of "東驛站" (Doyin station*) mobile application and relevant support systems:

	"東驛站" (Doyin station*) mobile application	**User operation system**
Estimated labour costs	RMB8.0 million$^{(1)}$	RMB3.3 million$^{(1)}$
Estimated hardware costs	RMB2.0 million$^{(2)}$	RMB0.7 million$^{(2)}$
Total:	RMB10.0 million	RMB4.0 million

Notes:

1. With references to the estimated (i) complexity of; (ii) time required; and (iii) time costs for the development of each sub-system.

2. With references to the fee quotes obtained regarding the required hardware.

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
			Smart community platform	12.0	22.8	We plan to gradually replace manual operations, such as unmanned entry control, by expanding the usage of our existing smart community platform in the property projects that manage. We believe that the usage of our smart community platform can provide a safer, healthier, more convenient, more comfortable lifestyle to our customers and increase their satisfaction with our services which will in turn promote higher customer retention. The current coverage of our existing smart community platform was approximately 3% as at 31 December 2021, covering four property projects that we managed. We intend to expand our coverage to 137 more property projects that we manage in the future. By upgrading and increasing the coverage of such platform, based on the number of staff who are mainly responsible for operating each property project each year and their respective time costs, we expect we shall be able to reduce four staff per property project, and thus save labour costs of approximately RMB400,000 per project each year; and improve operational efficiency. The expected costs would be approximately RMB84.0 million in aggregate, of which approximately RMB17.0 million is expected to be utilised for optimising such platform after taking into account of the aggregate estimated labour costs with references to the estimated time costs of different technicians to be involved in the development of such platform and approximately RMB67.0 million for acquiring and installing equipment for the implementation of such platform.	6.25%	3.75%	2.0%	-

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
			System maintenance and monitoring platform	1.50	2.8	We plan to enhance our system maintenance and monitoring platform which monitor and identify any system error and maintain system automatically. We aim to enhance privacy and data protection in our systems in order to ensure we can provide our services to customers in a stable and efficient manner, while also protecting their privacy. We plan to have six technicians dedicated to increase the headcount in our current research and development team for the year ending 31 December 2022, including: • one software architect who will be responsible for requirement analysis and architecture design of system and related products, whom shall be newly hired directly by our Group; • three back-end engineer who will be responsible for the implementation of software system code and code writing, testing and maintenance according to design documents or requirements descriptions, one whom shall be assigned by an independent IT service provider and the rest shall be our existing employees; • one examiner who will be responsible for product testing work and participate in the entire testing process, and responsible for product software function testing, interface testing, performance testing and safety testing, whom shall be our existing employee; and • one user experience engineer who will be responsible for the design of the user experience effect, such as interaction and visual, of systems, whom shall be our existing employee. The safety enhancement of such platform would be partially outsourced to independent technical experts.	0.64%	0.66%	0.20%	–

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	Timeframe January 2023 to June 2023	Timeframe July 2023 to December 2023	Timeframe January 2024 to June 2024
	%	*(HK$ million)*		*%*	*(HK$ million)*					
						The expected costs of optimising such systems would be approximately RMB10.5 million. The following table sets out a breakdown of the estimated costs that we require for upgrading/developing each sub-system of system maintenance and monitoring platform:				

	Developing technical middle platform[1]	Developing maintenance, monitoring and alert platform	Upgrading the safety of our Group's entire information systems
	RMB million	*RMB million*	*RMB million*
Estimated labour costs	2.4[2]	3.8[2]	1.1[2]
Estimated hardware costs	0.9[3]	1.0[3]	0.1[3]
Estimated subcontracting costs	–	–	1.2[4]
Total:	3.3	4.8	2.4

Notes:

1. Including upgrading existing system to support development of such technical middle platform.

2. With references to the estimated (i) complexity of; (ii) time required; and (iii) time costs for the development of each sub-system.

3. With references to the fee quotes obtained regarding the required hardware.

4. With references to the estimated (i) complexity of; (ii) time required; and (iii) time costs for the independent third party technicians involving in the development of each sub-system, based on the fee quotes obtained thereof.

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
Upgrade and develop our intelligent systems	8.50	16.1				We plan to upgrade and develop our intelligent systems by centralising the management of our various existing systems we utilise during the course of business which help to optimise business operations, thus enhance operating efficiency and service quality.				
			Project management system	4.50	8.5	Historically, we prepare property project budget, monitor and manage property project during its lifecycle manually. We plan to develop project management system which can keep record of each property project throughout its project cycle in a better manner so that we can provide quality services at a consistent level and efficiently. We expect to reply on such system to prepare more accurate property projects budgets automatically. During the lifecycle of a property project, we would be able to monitor the costs incurred and control such costs not to exceed our budget. In addition, such system would set out the quality standard of each property project, e.g. how it should be operated and managed throughout each stage of such property project, to ensure our staff across different department of our Group would be able to operate and manage the same property project in a coherent and consistent manner.	2.50%	2.00%	–	–

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		*%*	*(HK$ million)*					
						We plan to have 10 technicians dedicated to increase the headcount in our current research and development team during the year ending 31 December 2022, including: • one product manager who will be responsible for managing internal business needs and also needs from our users, conduct requirements analysis, product planning and follow up on the entire process of product development, testing and release, whom shall be our existing employee; • one software architect who will be responsible for requirement analysis and architecture design of system and related products, whom shall be newly hired directly by our Group; • one back-end engineer who will be responsible for the implementation of software system code and code writing, testing and maintenance according to design documents or requirements descriptions, whom shall be assigned by an independent IT service provider; • one website engineer who will be responsible for the development on our websites, and ensure our customers a reasonable and user-friendly experience whom shall be newly hired directly by our Group; • two application software engineers who will be responsible for the development on iOS, Android and Apple platforms, and ensure our customers a reasonable and user-friendly experience, all of whom shall be our existing employees; • one user experience engineer who will be responsible for the design of the user experience effect, such as interaction and visual, of systems, whom shall be our existing employee; • two examiners who will be responsible for product testing work and participate in the entire testing process, and responsible for product software function testing, interface testing, performance testing and safety testing, whom shall be assigned by an independent IT service provider; and				

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	(HK$ million)		%	(HK$ million)					
						• one maintenance engineer who will be responsible for daily operation and maintenance work, including system inspection, configuration changes, system updates and data backup, whom shall be our existing employee.				

The expected costs would be approximately RMB31.5 million. The following table sets out a breakdown of the estimated costs that we require for upgrading/developing each sub-system of project management system:

	Master data management platform	Project full-cycle management system
	RMB million	*RMB million*
Estimated labour costs	2.9[1]	25.4[1]
Estimated hardware costs	0.6[2]	2.6[2]
Total:	3.5	28.0

Notes:

1. With references to the estimated (i) complexity of; (ii) time required; and (iii) time costs for the development of each sub-system.

2. With references to the fee quotes obtained regarding the required hardware.

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
			Big data platform	2.00	3.8	We current operate by utilising various individual and separate systems such as business management systems, operation management systems and customers oriented systems during the course of our business. We plan to centralise and integrate these systems to organise all of our data, including operational data and customers' data, in a more time-efficient manner, which in turn will strengthen our analytical capability of our customers' preferences and allow us to anticipate the diverse needs of our customers more accurately. In addition, we believe the integration would enable us to monitor our day-to-day operations on a real-time basis by different departments of our Group simultaneously. Thus, it would facilitate more smooth internal coordination and minimise human error. Our staff at different departments would be able to track real-time data for better management of our business operations which will in turn effectively enhance our operational efficiency and internal management. For example, we expect to reduce 10 to 15 staff who are mainly responsible for reminding customers to settle their late payment in total each year. Based on the number of staff to be reduced in each year and their respective time costs, we expect to save approximately RMB3.0 million in total each year.	0.25%	1.25%	0.50%	–

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe July 2022 to December 2022	January 2023 to June 2023	July 2023 to December 2023	January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
						We plan to have eight technicians dedicated to increase the headcount in our current research and development team during the year ending 31 December 2022, including: • one product manager who will be responsible to manage internal business needs and also needs from our customers, conduct requirements analysis, product planning and follow up on the entire process of product development, testing and release, whom shall be our existing employee; • two back-end engineer who will be responsible for the implementation of software system code and code writing, testing and maintenance according to design documents or requirements descriptions, one of whom shall be assigned by an independent IT service provider while the other shall be our existing employee; • two web engineer who will be responsible for the development on platform, and ensure the platform is user-friendly, one of whom shall be assigned by an independent IT service provider while the other shall be our existing employee; • two examiners who will be responsible for product testing work and participate in the entire testing process, and responsible for product software function testing, interface testing, performance testing and safety testing, one of whom shall be assigned by an independent IT service provider while the other shall be our existing employee; and • one maintenance engineer who will be responsible for daily operation and maintenance work, including system inspection, configuration changes, system updates and data backup, whom shall be our existing employee. The development of certain sub-systems of the big data platform, namely data base system, big data analytical system and big data artificial intelligence platform, would be outsourced to independent technical experts.				

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe: July 2022 to December 2022	Timeframe: January 2023 to June 2023	Timeframe: July 2023 to December 2023	Timeframe: January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					

The expected costs would be approximately RMB14.0 million. The following table sets out a breakdown of the estimated costs that we require for upgrading/developing each sub-system of big data platform:

	Data middle platform *RMB million*	**Big data analytical system** *RMB million*	**Data intelligent platform** *RMB million*
Estimated labour costs	2.5[(1)]	1.8[(1)]	1.8[(1)]
Estimated hardware costs	1.0[(2)]	0.7[(2)]	0.7[(2)]
Subcontracting costs	1.0[(3)]	2.5[(3)]	2.0[(3)]
Total:	4.5	5.0	4.5

Notes:

1. With references to the estimated (i) complexity of; (ii) time required; and (iii) time costs for the development of each sub-system.

2. With references to the fee quotes obtained regarding the required hardware.

3. With references to the estimated (i) complexity of; (ii) time required; and (iii) time costs for the independent third party technicians involving in the development of each sub-system, based on the fee quotes obtained thereof.

Major categories	Percentage of total proceeds	Amount of total proceeds	Sub-categories	Percentage of total proceeds	Respective amount of total proceeds	Specific explanation/plan(s)	Timeframe: July 2022 to December 2022	Timeframe: January 2023 to June 2023	Timeframe: July 2023 to December 2023	Timeframe: January 2024 to June 2024
	%	*(HK$ million)*		%	*(HK$ million)*					
			Integrated customers' fee settlement management platform	2.00	3.8	During the Track Record Period, our customers settled their fees through different means. In order to optimise our management of our financial performance, we plan to centralise the management of customers' settlement of fees by creating an integrated customers' fee settlement management platform. With centralising all payment records of our management fees and other fees through such platform, we expect it would reduce approximately 10-20% labour costs and 30% time spent for reminding customers of any late payment. Based on the number of staff that we no longer require for reminding customers for any late payment in each property project each year and their respective time costs, we expect to save approximately RMB100,000 per property project each year. We plan to have 12 technicians dedicated to increase the headcount in our current research and development team during the year ending 31 December 2022, including: • one product manager who will be responsible for conduct requirements analysis, product planning and follow up on the entire process of product development, testing and release, whom shall be newly hired directly by our Group; • two software architects who will be responsible for requirement analysis and architecture design of the system and related products, one of who shall be newly hired directly by our Group and the other shall be our existing employee; • two back-end engineer who will be responsible for the implementation of software system code and code writing, testing and maintenance according to design documents or requirements descriptions, whom shall be assigned by an independent IT service provider; • two web engineer who will be responsible for the development of the platform and ensure it is user-friendly, whom shall be assigned by an independent IT service provider; • one user experience engineer who will be responsible for the design of the user experience effect, such as interaction and visual, of systems, whom shall be our existing employee; • three examiners to organise the platform and product testing work and participate in the entire testing process, and responsible for function testing, interface testing, performance testing and safety testing, whom shall be assigned by an independent IT service provider; and • one maintenance engineer who will be responsible for daily operation and maintenance work, including system inspection, configuration changes, system updates and data backup, whom shall be our existing employee.				

Major categories	Percentage of total proceeds %	Amount of total proceeds *(HK$ million)*	Sub-categories	Percentage of total proceeds %	Respective amount of total proceeds *(HK$ million)*	Specific explanation/plan(s)	Timeframe: July 2022 to December 2022	Timeframe: January 2023 to June 2023	Timeframe: July 2023 to December 2023	Timeframe: January 2024 to June 2024
						The expected costs would be approximately RMB14.0 million. The following table sets out a breakdown of the estimated costs that we require for upgrading/developing each sub-system of integrated customers' fee settlement and management platform:	1.25%	0.75%	–	–

	Income settlement platform *RMB million*	**Integrated fee settlement platform** *RMB million*
Estimated labour costs	10.8[(1)]	1.6[(1)]
Estimated hardware costs	1.2[(2)]	0.4[(2)]
Total:	12.0	2.0

Notes:

1. With references to the estimated (i) complexity of; (ii) time required; and (iii) time costs for the development of each sub-system.
2. With references to the fee quotes obtained regarding the required hardware.

Major categories	Percentage of total proceeds %	Amount of total proceeds *(HK$ million)*	Sub-categories	Percentage of total proceeds %	Respective amount of total proceeds *(HK$ million)*	Specific explanation/plan(s)	Timeframe: July 2022 to December 2022	Timeframe: January 2023 to June 2023	Timeframe: July 2023 to December 2023	Timeframe: January 2024 to June 2024
General working capital	**10.0**	**19.0**	**Working capital and other general corporate purposes**	**10.0**	**19.0**	**As our business scale continues to expand, we will require more working capital to support our growth plan.**	**4.38%**	**4.38%**	**1.24%**	**–**

In order to implement our expansion plans, we plan to have 52 technicians dedicated in upgrading and developing our intelligent systems, including (i) 25 of whom would be our existing staff; (ii) 17 of whom would be independent technical experts assigned by independent third party service providers; and (iii) 10 of whom would be newly hired technicians. As at 31 December 2021, we had 35 staff at our research and development department. We believe it is necessary to increase the headcount in our current research and development department as, in particular, (a) our current staff at research and development department have already been occupied with the operations and maintenance of our existing systems and platforms, in particular dealing with any ad hoc technical problems that may occur during our daily operations from time to time; and (b) the development of new systems and platforms, such as "東驛站" (Doyin station*) mobile application, system maintenance and monitoring platform, project management system and big data platform, would involve a lot of user interface design, as well as development in mobile applications and website. As such, we would be required to hire more application software engineers and website engineers to work with our existing technicians to ensure the abovementioned new systems and platforms could be developed and launched according to our abovementioned timeframe.

We expect to hire technicians who have a minimum qualification of computer science and/or electronic information related undergraduate degrees. The following table sets out the details of additional employees to be hired:

	Software architect	**Back-end engineer**	**Product manager**	**Application software engineer**	**Website engineer**
No. of additional technician(s) to be hired as our employee(s)	4	1	1	2	2
Expected monthly remuneration[(Note)]	RMB35,000 – RMB65,000	RMB20,000 – RMB40,000	RMB35,000 – RMB40,000	RMB30,000 – RMB40,000	RMB15,000 – RMB30,000
Expected years of related experience	Five to 10	Nil	One to three	Three to five	Three to five
Job descriptions	Architecture design for each of (i) customers' data analysis and relationship management systems; (ii) system maintenance and monitoring platform; (iii) project management platform; and (iv) integrated customers' fee settlement and management platform	Implementation of software system code and code writing, testing and maintenance for each of the abovementioned platforms and systems to be developed or upgraded (where applicable)	Managing internal business needs and needs from our users, conduct requirements analysis, product planning and follow up on the entire process of product development, testing and release of integrated customers' fee settlement and management platform	Development of customers' data analysis and relationship management systems as well as "東驛站" (Doyin station*) mobile application on iOS, Android and apple platforms	Development of "東驛站" (Doyin station*) mobile application, project management platform, big data platform and integrated customers' fee settlement and management platform on iOS, Android and apple platforms

Note: The expected monthly remuneration was determined based on monthly remuneration of relevant technicians as quoted on a recruitment platform of an independent third party recruitment agent. Actual monthly remuneration of each type of technician would depend on his/her years of work experience and qualifications.

The Company undertakes that it will not, directly or indirectly, utilise any of the net proceeds from the Global Offering for the property development in the PRC.

The above allocation of proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range or the Over-allotment Option is exercised.

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK$15.40 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK$28.1 million. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK$11.90 per Share, the net proceeds we receive from the Global Offering will decrease by approximately HK$28.1 million.

The Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of those additional Shares will be approximately HK$33.1 million, after deducting the underwriting commission and other estimated expenses payable by us in connection with the Global Offering, assuming the Offer Price of HK$13.65 per Share, being the mid-point of the indicative Offer Price range.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong.

Bases and assumptions

Our future plans and business strategies are based on the following general assumptions:

- there will be no material change in the funding requirement for each of our future plans described in this prospectus from the amount estimated by our Directors;

- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;

- the Global Offering will be completed in accordance with and as described in the section headed "Structure of the Global Offering" in this prospectus;

- there will be no material changes in existing accounting policies from those stated in the audited consolidated financial statements of the Group for the three years ended 31 December 2021;

- we will continue our operation including but not limited to retaining our key employees and maintaining our customers, third-party subcontractors in the same manner as we had operated during the Track Record Period; there will be no material changes in the existing laws and regulations, or other governmental policies relating to our Group, or in the political or market conditions in which we operate;

- we will not be materially affected by the risk factors as set out in the section headed "Risk factors" in this prospectus;

- there will be no material changes in the bases or rates of taxation applicable to our activities;

- our operations including future plans will not be interrupted by any force majeure, unforeseen factors, extraordinary items or economic changes in respect of inflation, interest rate and tax rate in the PRC; and

- there will be no disasters, natural, political or otherwise, which would materially disrupt our business operations.

The abovementioned bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in the section headed "Risk factors" in this prospectus. We cannot assure you that our implementation plans will materialise in accordance with the estimated timeframe or at all.

Nevertheless, based on (i) our current research and development capabilities from developing existing information technology systems, including "東驛站" (Doyin station*) mobile application; (ii) expected expansion in our research and development team by hiring more technical staff upon Listing; and (iii) certain sub-systems of the abovementioned systems, namely data middle platform, big data analytical system and data intelligent platform, would be outsourced to independent technical experts, subject to many uncertainties and unpredictable factors as set out above, our Directors are of the view that we would be capable of implement the abovementioned plans.

Nevertheless, in the event that the net proceeds are less than the expected expenditure for each of the expansion plans, we intend to finance such shortfall with our internal resources.

HONG KONG UNDERWRITERS

Guotai Junan Securities (Hong Kong) Limited
ABCI Securities Company Limited
BOCOM International Securities Limited
CLSA Limited
ICBC International Securities Limited
CMBC Securities Company Limited
China Everbright Securities (HK) Limited
Fortune (HK) Securities Limited
Futu Securities International (Hong Kong) Limited
Guosen Securities (HK) Capital Company Limited
Zheshang International Financial Holdings Co., Limited
Merdeka Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 1,666,800 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus. Subject to the Stock Exchange granting listing of, and permission to deal in, our H Shares in issue and to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to subscribe or procure subscribers for its applicable proportion of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

One of the conditions is that the Offer Price must be agreed between us and the Sole Global Coordinator for itself and on behalf of the Hong Kong Underwriters. For applicants applying under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. The International Offering will be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator for itself and on behalf of the Underwriters, the Global Offering will not proceed.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

(a) there develops, occurs, exists or comes into effect:

(i) any event, series of events or circumstance, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union or any other jurisdiction relevant to any member of our Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in or representing any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(iv) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or

(v) any new law, or any change or development involving a prospective change or any event or circumstance likely to result in a change or development involving a prospective change in existing laws or in the interpretation or application thereof by any court or other competent authority, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of economic sanctions, or the withdrawal of the trade privileges in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) a change or development involving a prospective change in taxation, or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any materialization of any of the risks set out in the section headed "Risk factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any member of our Group or any Director; or

(x) a contravention by any member of our Group of the Listing Rules or applicable laws; or

(xi) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xii) an order or petition for the winding up of any member of 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

(xiii) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(xiv) an authority or a political body or organization in any of the Relevant Jurisdictions announcing or commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group or Director; or

(xv) the chairman or chief executive officer of our Company vacating his or her office; or

(xvi) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the H Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xvii) that a material portion of the orders placed or confirmed in the bookbuilding process have been withdrawn, terminated or cancelled; or

(xviii) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself or on behalf of the Hong Kong Underwriters) after consultation with our Company: (i) has or will result or may result in a material adverse change, or any development involving a prospective material adverse change, in or affecting the assets and liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition (financial or otherwise), or performance of our Company and the other members of our Group, taken as a whole ("Material Adverse Change"); or (ii) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (iii) makes or will make or may make it inadvisable or inexpedient or impracticable or incapable for the Global Offering to proceed as envisaged or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(b) there has come to the notice of the Sole Global Coordinator or it has reasonable cause to believe:

(i) that any statement contained in any of the Hong Kong Public Offering documents and/or in any notices, announcements, the HK Information Packs (as defined in the Hong Kong Underwriting Agreement), communications or other documents issued by or on behalf of our Company in connection with the

Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering documents and/or any notices, announcements, the HK Information Packs (as defined in the Hong Kong Underwriting Agreement), communications or other documents issued by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not, in all material respects, fair and honest and based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before this prospectus date, result in a material misstatement in, or constitute an material omission from any of the Hong Kong Public Offering documents, the HK Information Packs (as defined in the Hong Kong Underwriting Agreement) and/or in any notices, announcements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(iii) any material breach of any of the obligations imposed upon our Company, any of the Controlling Shareholders under the Hong Kong Underwriting Agreement (other than upon any of the Sole Global Coordinator, the Sole Sponsor or the Hong Kong Underwriters), as applicable; or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(v) any Material Adverse Change; or

(vi) any breach of, or any event or circumstances rendering untrue or incorrect or misleading in any respect, any of the warranties; or

(vii) approval by the Stock Exchange of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(ix) any person has withdrawn or is subject to withdraw its consent to being named or inclusion of its reports, letters, summaries of valuation and/or legal opinions (as the case may be) in any of the Hong Kong Public Offering documents or to the issue of any of the Hong Kong Public Offering documents; or

(x) a prohibition (either governmental, regulatory, judicial or otherwise) on our Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including the Over-allotment Option shares) pursuant to the terms of the Global Offering,

then the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) shall be entitled by notice to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by us

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further H Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except for H Shares issued pursuant to the Global Offering (including pursuant to the Over-allotment Option) or any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules and the Guidance Letter HKEX-GL89-16, each of the Controlling Shareholders has undertaken to our Company and the Stock Exchange that, except pursuant to the Global Offering (including any exercise of the Over-allotment Option), it shall not and shall procure that the relevant registered Shareholder(s) shall not, without the prior written consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules:

- in the period commencing from the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the H Shares or securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; and

- during the period of six months commencing on the expiry of the First-Six-month Period set out in the paragraph above (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the H Shares or securities referred to in the immediately preceding paragraph above to such an extent that immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of our Company for the purposes of the Listing Rules.

Note 2 to Rule 10.07 of the Listing Rules provides that such rule does not prevent a Controlling Shareholder from using the H Shares beneficially owned by it as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has further undertaken to our Company and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will immediately inform us and the Stock Exchange of:

- any pledges or charges of any H Shares or securities of our Company beneficially owned by it in favour of any authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, and the number of such H Shares or securities of our Company so pledged or charged; and

- any indication received by it, either verbal or written, from the pledgee or chargee that any H Shares or other securities of our Company pledged or charged will be disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders (or its respective shareholders) and disclose such matters by way of an announcement as required under the Listing Rules as soon as possible after being so informed by any of the Controlling Shareholders (or its respective shareholders).

Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has also undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Manager, and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six-Month Period**"), our Company will not, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any equity securities of our Company), or deposit any 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 any equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any equity securities of our Company); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; 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 such equity securities, in cash or otherwise (whether or not the issue of such equity securities will be completed within the First Six-Month Period).

Our Company further agrees that, in the event our Company enters into any of the transactions described in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction at any time during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the H Shares or any other securities of our Company.

Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Manager, and the Hong Kong Underwriters that, except pursuant to the Global Offering (including the Over-allotment Option), without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(a) it will not, at any time during the first Six-Month Period:

(i) offer, pledge, charge, sell, contract to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any H Shares or any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any other equity securities of our Company); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of such H Shares or equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or agree to, or announce any intention to enter into any transaction described in paragraphs (i), (ii) or (iii) above, in each case, whether any of the transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of H Shares or such others securities of our Company, in cash or otherwise (whether or not the issue of H Shares or other securities will be completed within the First Six-Month Period), save as provided under Note (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules; and

(b) (i) during the Second Six-Month Period, it will not enter into any of the foregoing transactions in paragraphs (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transactions if, immediately following such transaction or action, it will cease to be a controlling shareholder of our Company for the purposes of the Listing Rules; and

(ii) until the expiry of the Second Six-Month Period, in the event that it enters into any of the foregoing transactions in paragraphs (a)(i), (ii) or (iii) above or offers to or agrees to, or announces an intention to effect any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Indemnity

Our Company has agreed to indemnify the Sole Global Coordinator and the Hong Kong Underwriters for certain losses which they may suffer, including, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

The International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, agree to procure subscribers or purchasers for the International Offer Shares, failing which they agree to subscribe for or purchase the International Offer Shares which are not taken up under the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 2,500,000 additional H Shares representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocations (if any) in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Total commission and expenses

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 2.3% of the aggregate Offer Price payable in respect of all of the Hong Kong Offer Shares. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the International Underwriters.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$13.65 per H Share (being the mid-point of the indicative Offer Price range of HK$11.90 to HK$15.40 per H Share), the aggregate commissions and fees, together with listing fees, SFC transaction levy, FRC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering (collectively the "**Commissions and Fees**") are estimated to be approximately HK$66.0 million in total.

Activities by syndicate members

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "**Syndicate Members**", and their affiliates may each individually undertake, and which do not form part of the underwriting or the stabilising process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- the Syndicate Members (except for the Stabilising Manager, its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activities could occur in Hong

Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All of these activities may occur both during and after the end of the stabilising period described in the sections headed "Structure of the Global Offering – The International Offering – Over-allotment Option" and "Structure of the Global Offering – Stabilisation." These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

Hong Kong Underwriters' interests in our Company

Save for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriters and their respective affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Other services to our Company

The Sole Global Coordinator, the Hong Kong Underwriters or their respective affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to our Company and our respective affiliates, for which such Sole Global Coordinator, Hong Kong Underwriters or their respective affiliates have received or will receive customary fees and commissions.

Over-allotment and stabilisation

Details of the arrangements relating to the Over-allotment Option and stabilisation are set forth in the sections headed "Structure of the Global Offering – Stabilisation", and "Structure of the Global Offering – The International Offering – Over-allotment Option".

Independence of the Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 1,666,800 H Shares (subject to reallocation) in Hong Kong as described in the paragraph headed "– The Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of initially 14,999,867 H Shares, consisting of the offering of our H Shares outside the United States in reliance on Regulation S under the U.S. Securities Act. At any time from the Listing Date until 30 days after the last day for lodging of applications in the Hong Kong Public Offering, the Sole Global Coordinator, as representative of the International Underwriters, have an option to require our Company to allot and issue up to 2,500,000 additional H Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

Investors may either apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 25% of the enlarged issued share capital of the Company immediately after the completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the enlarged issued share capital immediately after the completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed "– The International Offering – Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed "– The Hong Kong Public Offering – Reallocation and clawback" below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 1,666,800 H Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares will represent approximately 2.5% of the Company's enlarged share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "– Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools for allocation purposes: pool A and for pool B with any odd board lots being allocated to Pool A. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy, FRC transaction levy, and Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy, FRC transaction levy, and Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 833,400 Hong Kong Offer Shares, being 50% of the 1,666,800 Hong Kong Offer Shares are liable to be rejected.

Reallocation and clawback

The allocation of the Offers Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation as further described below:

If the Offer Shares under the International Offering are fully subscribed or oversubscribed and, if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation (such reallocation being referred to in this prospectus as "Mandatory Reallocation"), the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 5,000,000 Offer Shares (in the case of (i)), 6,666,800 Offer Shares (in the case of (ii)) and 8,333,400 Offer Shares (in the case of (iii)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition to any Mandatory Reallocation which may be required, the Sole Global Coordinator may, at its discretion, allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered. The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator. In the event that the Sole Global Coordinator decides to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering, and such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, in accordance with Guidance Letter HKEx-GL-91-18, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering will be 1,666,800 Offer Shares (representing 10% of the number of the Offer Shares being offered under the Global Offering), so that the total number of Offer Shares for subscription under the Hong Kong Public Offering will increase up to 3,333,600 H Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the number of Offer Shares initially available under the Global Offering, and the Offer Price shall be fixed at the low end of the Offer Price Range (i.e. HK$11.90 per Offer Share) stated in this prospectus.

If the Hong Kong Public Offering is not fully subscribed for, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$15.40 per Offer Share in addition to any brokerage, SFC transaction levy, FRC transaction levy, and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "– Pricing of the Global Offering" below, is less than the maximum price of HK$15.40 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, FRC 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 monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 14,999,867 H Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering and approximately 22.5% of the Company's enlarged share capital immediately after the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "– Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the Listing Date until 30 days after the last date for lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 2,500,000 additional H Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

STABILISATION

Stabilisation is a practise used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager and/or any of its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilising transactions with a view to stabilising or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market for a limited period of up to 30 calendar days after the last day for the lodging of applications under the Hong Kong Public Offering. Short sales involve the sale by the Stabilising Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilising Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilising Manager will consider, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 2,500,000 H Shares, which is 15% of the Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilising activities must be carried out in accordance with the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong). Stabilising actions permitted pursuant to the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong) include:

(a) over-allocation for the purpose of preventing or minimising any reduction in the market price;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimising any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimising any reduction in the market price;

(e) selling the H Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilising actions by the Stabilising Manager, and/or its affiliates or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation.

As a result of effecting transactions to stabilise or maintain the market price of the H Shares, the Stabilising Manager, and/or its affiliates or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilising Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilising Manager and is uncertain. In the event that the Stabilising Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilising action by the Stabilising Manager, and/or its affiliates or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilising period, which begins on the day on which trading of the H Shares commences on the Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilising period. These activities by the Stabilising Manager may stabilise, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilising action taken by the Stabilising Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilising period. Bids for or market purchases of the H Shares by the Stabilising Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilising period.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Friday, 22 April 2022 and in any event on or before Wednesday, 27 April 2022, by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$15.40 per H Share and is expected to be not less than HK$11.90 per H Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK$15.40 per H Share, plus 1% brokerage, 0.0027% SFC transaction levy, 0.00015% FRC transaction levy and 0.005% Stock Exchange trading fee. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the bottom end of the indicative Offer Price range stated in this prospectus.**

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the bottom end of the indicative Offer Price range below that stated in this prospectus, at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, our Company will, as soon as practicable following the decision to make such reduction and/or set the final Offer Price below the bottom end of the indicative Offer Price range, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be posted on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.dowellservice.com**) notices of the reduction. Upon issue of a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Applicants should have regard to the possibility that any notice of a reduction in the number of Offer Shares being offered under the Global Offering and/or the bottom end of the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of any such reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and potential investors who had applied for the Offer Shares will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Sole Global Coordinator may at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

The Offer Price under the Global Offering, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocation in the Hong Kong Public Offering are expected to be announced on Thursday, 28 April 2022 through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" in this prospectus.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(i) the Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be posted by our Company on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.dowellservice.com**) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other licenced bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Thursday, 28 April 2022 but will only become valid evidence of title at 8:00 a.m. on Friday, 29 April 2022 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus has not been exercised.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

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

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 29 April 2022, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 29 April 2022. Our H Shares will be traded in board lots of 200 H Shares each and the stock code of our H Shares will be 2352.

IMPORTANT NOTICE TO INVESTORS:

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this document or any printed copies of any application forms for use by the public.

This document is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "HKEXnews > New Listings > New Listing Information" section, and our website at **www.dowellservice.com**. If you require a printed copy of this document, you may download and print from the website addresses above.

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

A. APPLICATIONS FOR THE HONG KONG OFFER SHARES

1. How to Apply

We will not provide any printed application forms for use by the public.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**;

(2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

(i) instructing 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; or

(ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will 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.

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.

We, the Sole Global Coordinator, the **White Form eIPO** Service Provider and our and their respective agents may reject or accept any application, in full or in part, for any reason at our or their discretion.

2. Who Can Apply

Eligibility for the Application

You can apply for the Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

(a) are 18 years of age or older;

(b) have a Hong Kong address; and

(c) are not a legal or natural person of the PRC.

If an application is made by a person under a power of attorney, we and the Sole Global Coordinator may accept it at our or their discretion, and on any conditions we or they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **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:

(a) you are an existing beneficial owner of Shares and/or a substantial shareholder of any of our subsidiaries;

(b) you are our director or chief executive and/or a director or chief executive officer of our subsidiaries;

(c) you are a close associate of any of the above persons; or

(d) you have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

- have a valid Hong Kong identity card number; and
- 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 applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. Terms and Conditions of an Application

By applying through the application channels specified in this document you:

- undertake to execute all relevant documents and instruct and authorize us and/or the Sole Global Coordinator (or their agents or nominees), as our agents, 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;

- agree to comply with our Articles of Association and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

- confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;

- confirm that you have received and read this document and have relied only on the information and representations in this document in making your application and will not rely on any other information or representations, except those in any supplement to this document;

- confirm that you are aware of the restrictions on the Global Offering set out in this document;

- agree that none of us, the Relevant Persons and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this document (and any supplement to this document);

- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;

- agree to disclose to us, the H Share Registrar, the receiving bank and the Relevant Persons any personal data which we or any of them may require about you and the person(s) for whose benefit you have made the application;

- 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 neither we nor the Relevant Persons will breach any laws 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 in this document;

- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- agree that your application, any acceptance of it and the resulting contract will be governed by, and construed in accordance with the laws of Hong Kong;
- warrant that the information you have provided is true and accurate;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- authorize (i) us to place your name(s) or the name of HKSCC Nominees on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as required under our Articles of Association and (ii) us and/or our agents to send any H Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "– Personal Collection" below to collect the H Share certificate(s) and/or refund check(s) in person;
- 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;
- understand that we, our directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and
- (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 by giving **electronic application instructions** to HKSCC and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, we and all other parties involved in the preparation of this document acknowledge that each applicant and 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).

4. Minimum Application Amount and Permitted Numbers

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$
200	3,111.03	5,000	77,776.05	30,000	466,656.26	250,000	3,888,802.23
400	6,222.09	6,000	93,331.25	35,000	544,432.31	300,000	4,666,562.67
600	9,333.12	7,000	108,886.46	40,000	622,208.35	350,000	5,444,323.12
800	12,444.17	8,000	124,441.67	45,000	699,984.40	400,000	6,222,083.56
1,000	15,555.21	9,000	139,996.88	50,000	777,760.45	450,000	6,999,844.01
1,200	18,666.25	10,000	155,552.09	60,000	933,312.54	500,000	7,777,604.45
1,400	21,777.29	12,000	186,662.51	70,000	1,088,864.63	600,000	9,333,125.34
1,600	24,888.34	14,000	217,772.92	80,000	1,244,416.71	700,000	10,888,646.23
1,800	27,999.38	16,000	248,883.34	90,000	1,399,968.80	833,400(1)	12,963,711.10
2,000	31,110.42	18,000	279,993.76	100,000	1,555,520.89		
3,000	46,665.63	20,000	311,104.18	150,000	2,333,281.34		
4,000	62,220.83	25,000	388,880.23	200,000	3,111,041.78		

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. Applying Through the White Form eIPO Service

General

Individuals who meet the criteria in "– Who Can Apply" above may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to us. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this document, as supplemented and amended by the terms and conditions of the **White Form eIPO** Service Provider.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Tuesday, 19 April 2022 until 11:30 a.m. on Friday, 22 April 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 22 April 2022, the last day for applications, or such later time as described in "C. Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists" below.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different 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.

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.

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 "**DOWELL SERVICE GROUP CO. LIMITED***" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. Applying Through CCASS EIPO Service

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 Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants though HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to us, the Sole Sponsor, the Sole Global Coordinator and the H Share Registrar.

Applying through CCASS EIPO Service

Where you have applied through **CCASS EIPO** service (either indirectly through a **broker** or **custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

- HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this document; and

- HKSCC Nominees will do the following things on your behalf:

  (i) agree that the Hong Kong Offer Shares to be allocated shall be registered 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;

  (ii) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

  (iii) undertake and confirm that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;

  (iv) (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;

  (v) (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as its agent;

  (vi) confirm that you understand that we, our directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

  (vii) authorize us to place HKSCC Nominees' name on our register of members as the holder of the Hong Kong Offer Shares allocated to you, and dispatch H Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between us and HKSCC;

  (viii) confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;

  (ix) confirm that you have received and read this document and have relied only on the information and representations in this document in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this document;

  (x) agree that neither we nor any of the Relevant Persons is or will be liable for any information and representations not in this document (and any supplement to this document);

  (xi) agree to disclose to us, the H Share Registrar, the receiving bank and the Relevant Persons any personal data which we or they may require about you;

(xii) 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;

(xiii) agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of opening of the application lists (excluding any days 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 agreeing that we will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this document. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this document 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 on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this document;

(xiv) agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering by us;

(xv) 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 giving **electronic application instructions** to apply for the Hong Kong Offer Shares;

(xvi) agree with us, for ourselves and for the benefit of each shareholder (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for us and on behalf of each shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with our Articles of Association, and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(xvii) agree with us, for ourselves and for the benefit of each Shareholder and each Director, Supervisor, manager and other senior officer of our Company (and so that we will be deemed by its acceptance in whole or in part of this application to have agreed, for ourselves and on behalf of each Shareholder and each Director, Supervisor, manager and other senior officer of our Company, with each CCASS Participant giving **electronic application instructions**):

(a) to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with our Articles of Association;

(b) that any award made in such arbitration shall be final and conclusive; and

(c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

(xviii) agree with us (for ourselves and for the benefit of each Shareholder) that H Shares in our Company are freely transferable by our holders;

(xix) authorise us to enter into a contract on behalf with each Director and officer whereby each such Director and officer undertakes to observe and comply with his obligations to Shareholders stipulated in our Articles of Association; and

(xx) agree that your application, any acceptance of it and the resulting contract will be governed by, and construed in accordance with the laws of Hong Kong.

Effect of Applying through CCASS EIPO Service

By applying through **CCASS EIPO** service, 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 will be liable to us or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, FRC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, FRC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this document.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 19 April 2022	**–**	**9:00 a.m. to 8:30 p.m.**
Wednesday, 20 April 2022	**–**	**8:00 a.m. to 8:30 p.m.**
Thursday, 21 April 2022	**–**	**8:00 a.m. to 8:30 p.m.**
Friday, 22 April 2022	**–**	**8:00 a.m. to 12:00 noon**

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 19 April 2022 until 12:00 noon on Friday, 22 April 2022 (24 hours daily, except on Friday, 22 April 2022, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 22 April 2022, the last day for applications, or such later time as described in "C. Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists" below.

If you are instructing 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 are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Note:

(1) The times in this subsection are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing Participants, CCASS Custodian Participants and/or CCASS Investor Participants.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by us, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through CCASS EIPO service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of us and our H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to us or our agents and the H Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of us or our H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform us and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in this document and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of our H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating our register of members;
- distributing communications from us and our subsidiaries;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable us and the H Share Registrar and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by us and our H Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but we and our H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our appointed agents such as financial advisers, and receiving bank;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to us or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

We and our H Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether we or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. We and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to us, at our registered address disclosed in the section headed "Corporate Information" in this document or as notified from time to time, for the attention of the secretary, or our H Share Registrar for the attention of the privacy compliance officer.

7. Warning for Electronic Applications

The application for the Hong Kong Offer Shares by **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) is only a facility provided to CCASS Participants. Similarly, the application for the Hong Kong Offer Shares through the **White Form eIPO** service is 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 day for applications to make your electronic application. We, the Relevant Persons, the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant applying through **CCASS EIPO** service or person applying through the **White Form eIPO** service will be allocated 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 go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 22 April 2022.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **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. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your behalf to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an unlisted company makes an application 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 made for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Hong Kong 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).

B. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$15.40 per Hong Kong Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 200 Hong Kong Offer Shares, you will pay HK$3,111.03.

You must pay the maximum Offer Price, together with brokerage, SFC transaction levy, FRC transaction levy and Stock Exchange trading fee, in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS EIPO service** in respect of a minimum of 200 Hong Kong Offer Shares. If you make an **electronic application instruction** for more than 200 Hong Kong Offer Shares, the number of Hong Kong Offer Shares you apply for must be in one of the specified numbers set out in the section "– 4. Minimum Application Amount and Permitted Numbers" in this section, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy, FRC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy and the FRC transaction levy, collected by the Stock Exchange on behalf of the SFC and FRC respectively).

For further details on the Offer Price, see "Structure of the Global Offering – Pricing and Allocation."

C. EFFECT OF BAD WEATHER AND EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close 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, 22 April 2022. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 22 April 2022 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 "Expected Timetable," we will make an announcement on our websites at **www.dowellservices.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

D. PUBLICATION OF RESULTS

We expect to announce the pricing of the Offer Shares on Thursday, 28 April 2022 on our website at **www.dowellservices.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

We expect to announce the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Thursday, 28 April 2022 on our website at **www.dowellservices.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.dowellservices.com** and **www.hkexnews.hk**, respectively, by no later than 9:00 a.m. on Thursday, 28 April 2022;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24 hour basis from 8:00 a.m. on Thursday, 28 April 2022 to 12:00 midnight on Wednesday, 4 May 2022; and

- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Thursday, 28 April 2022, Friday, 29 April 2022, Tuesday, 3 May 2022 and Wednesday, 4 May 2022.

If we accept your offer to purchase (in whole or in part), which we 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 set out in "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED THE HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

If your application is revoked:

By applying through the **CCASS EIPO** service or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with us.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

- if a person responsible for this document 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 on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this document; or

- if any supplement to this document is issued, in which case we will notify applicants who have already submitted an application 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.

If we or our agents exercise discretion to reject your application:

We, the Sole Global Coordinator, the **White Form eIPO** Service Provider and our and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or

- within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

If:

- you make multiple applications or are suspected of making multiple applications;

- you or the person for whose benefit you apply for, 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) the Hong Kong Offer Shares and the International Offer Shares;

- your payment is not made correctly;

- 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**;

- you apply for more than 833,400 Hong Kong Offer Shares, being 50% of the 1,666,800 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;

- we or the Sole Global Coordinator believe that by accepting your application, a violation of applicable securities or other laws, rules or regulations would result; or

- the Underwriting Agreements do not become unconditional or are terminated.

F. 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 per Offer Share (excluding brokerage, SFC transaction levy, FRC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in "Structure of the Global Offering – Conditions of the Global Offering" are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, FRC transaction levy and Stock Exchange trading fee, will be refunded, without interest.

Any refund of your application monies will be made on or before Thursday, 28 April 2022.

G. DISPATCH/COLLECTION OF H SHARE CERTIFICATES/e-REFUND PAYMENT INSTRUCTIONS/REFUND CHEQUES

You will receive one H Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the H Share certificates will be deposited into CCASS as described below).

The Company will not issue temporary document of title in respect of the Offer Shares. The Company will not issue receipt for sums paid on application.

Subject to arrangement on dispatch/collection of H Share certificates and refund cheques as mentioned below, any refund cheques and H Share certificate(s) are expected to be posted on or before Thursday, 28 April 2022. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier order(s).

H Share certificates will only become valid at 8:00 a.m. on Friday, 29 April 2022, **provided that** the Global Offering has become unconditional in all respects at or before that time.

Personal Collection

- ***If you apply through White Form eIPO service:***

  (a) If you apply for 100,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your H Share certificate(s) and/or refund cheque(s) (where applicable) in person from the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 28 April 2022, or any other place or date notified by us.

  (b) If you do not personally collect your H Share certificate(s) and/or refund cheque(s) (where applicable) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

  (c) If you apply for less than 100,000 Hong Kong Offer Shares through the **White Form eIPO** service, your H Share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, 28 April 2022 by ordinary post and at your own risk.

  (d) If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address specified in your application instructions in the form of refund check(s) by ordinary post and at your own risk.

- ***If you apply through CCASS EIPO service:***

  Allocation of the Hong Kong Offer Shares

  For the purposes of allocating the Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

  Deposit of H Share Certificates into CCASS and Refund of Application Monies

  (a) If your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 28 April 2022 or on any other date determined by HKSCC or HKSCC Nominees.

(b) We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in "– Publication of Results" above on Thursday, 28 April 2022. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 28 April 2022 or such other date as determined by HKSCC or HKSCC Nominees.

(c) If you have instructed 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 can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that **broker** or **custodian**.

(d) If you have applied as a CCASS Investor Participant, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 28 April 2022. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of the 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.

(e) 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, FRC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your **broker** or **custodian** on Thursday, 28 April 2022.

H. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange 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 settlement 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 arrangements as such arrangements may affect their rights and interests.

We have made all necessary arrangements to enable the H Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company (the "Directors") and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DOWELL SERVICE GROUP CO. LIMITED* (東原仁知城市運營服務集團股份有限公司) AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of DOWELL SERVICE GROUP CO. LIMITED* (東原仁知城市運營服務集團股份有限公司) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-81, which comprises the consolidated balance sheets as at 31 December, 2019, 2020 and 2021, the balance sheets of the Company as at 31 December 2019, 2020 and 2021, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2019, 2020 and 2021 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-81 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 19 April 2022 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The Directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

* for identification purpose only

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Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2019, 2020 and 2021, and the consolidated financial position of the Group as at 31 December 2019, 2020 and 2021 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
19 April 2022

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

(A) Consolidated statements of comprehensive income

		Year ended 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	559,154	766,802	1,193,423
Cost of sales	*6,7*	(426,464)	(550,813)	(884,500)
Gross profit		132,690	215,989	308,923
Selling and marketing expenses	*7*	(17,204)	(23,497)	(27,771)
Administrative expenses	*7*	(100,394)	(103,481)	(139,284)
Net impairment gains/(losses) on financial assets	*3.1(b)*	3,213	(1,315)	(3,522)
Other income	*9*	7,419	5,808	9,554
Other gains – net	*10*	(54)	(110)	(315)
Operating profit		25,670	93,394	147,585
Finance income		13,061	235	325
Finance costs		(12,747)	(656)	(1,033)
Finance income/(costs) – net	*11*	314	(421)	(708)
Share of results of investments accounted for using the equity method	*19*	5,521	5,717	7,162
Profit before income tax		31,505	98,690	154,039
Income tax expenses	*12*	(5,913)	(14,222)	(23,644)
Profit for the year		25,592	84,468	130,395
Total comprehensive income for the year		25,592	84,468	130,395
Profit and total comprehensive income/(loss) for the year attributable to:				
– Owners of the Company		25,667	84,714	128,720
– Non-controlling interests		(75)	(246)	1,675
		25,592	84,468	130,395
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)				
Basic and diluted	*13*	0.51	1.69	2.57

(B) Consolidated balance sheets

	Note	As at 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	15	10,332	15,661	19,579
Investment properties	16	1,902	1,565	–
Right-of-use assets	18	4,063	16,446	10,669
Intangible assets	17	2,316	118,107	114,201
Deferred income tax assets	32	12,141	10,433	8,436
Long-term prepayments	24	–	1,669	2,562
Contract costs	6(e)	–	4,945	8,653
Investments accounted for using the equity method	19	18,609	22,636	24,118
		49,363	191,462	188,218
Current assets				
Contract assets	6(a)	–	12,649	1,301
Dividends receivables	19	–	–	2,580
Trade and other receivables	22	446,642	271,758	417,860
Inventories	23	58,119	53,525	51,823
Prepayments	24	3,885	11,003	42,690
Current income tax receivables		13,251	10,549	10,373
Restricted cash	25	–	201	–
Cash and cash equivalents	25	188,208	233,950	249,162
		710,105	593,635	775,789
Total assets		759,468	785,097	964,007
EQUITY				
Paid-in capital	26	19,995	–	–
Share capital	26	–	50,000	50,000
Reserves	27	85,796	66,342	85,692
Retained earnings	28	19,669	42,493	113,530
Equity attributable to owners of the Company		125,460	158,835	249,222
Non-controlling interests		200	6,665	8,830
Total equity		125,660	165,500	258,052
LIABILITIES				
Non-current liabilities				
Long-term trade payables	30	29,080	–	–
Lease liabilities	18	3,759	11,456	6,520
Financial liabilities at fair value through profit or loss	3.3	–	6,000	4,000
Deferred income tax liabilities	32	350	10,035	9,042
		33,189	27,491	19,562
Current liabilities				
Trade payables	30	62,478	134,629	180,793
Accruals and other payables	30	444,587	307,508	254,642
Contract liabilities	6(a)	88,419	118,009	194,632
Lease liabilities	18	2,400	6,661	3,854
Dividends payables	14	–	5,267	45,267
Financial liabilities at fair value through profit or loss	3.3	–	–	2,000
Current income tax liabilities		2,735	9,032	5,205
Borrowings	31	–	11,000	–
		600,619	592,106	686,393
Total liabilities		633,808	619,597	705,955
Total equity and liabilities		759,468	785,097	964,007

(C) Balance sheets of the Company

	Note	As at 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	*15*	119	254	954
Right-of-use assets	*18*	–	6,924	2,241
Deferred income tax assets	*32*	9,391	9,590	6,465
Intangible assets		–	307	236
Investments accounted for using the equity method	*19*	7,401	11,080	10,163
Investments in subsidiaries		57,905	57,905	57,905
		74,816	86,060	77,964
Current assets				
Trade and other receivables	*22*	18,823	14,463	17,911
Amounts due from subsidiaries	*36(d), (e)*	38,006	66,118	189,617
Dividends receivables	*36(e)*	–	47,100	49,680
Prepayments	*24*	–	4,407	23,046
Cash and cash equivalents	*25*	25,928	100,934	71,471
		82,757	233,022	351,725
Total assets		157,573	319,082	429,689
EQUITY				
Equity attributable to owners of the Company				
Paid-in capital	*26*	19,995	–	–
Share capital	*26*	–	50,000	50,000
Reserves	*27*	32,821	8,719	15,873
Retained earnings	*28*	5,674	350	45,524
Total equity		58,490	59,069	111,397
LIABILITIES				
Non-current liabilities				
Lease liabilities	*18*	–	3,729	949
Current liabilities				
Trade payables	*30*	102	807	1,768
Accruals and other payables	*30*	12,466	12,940	17,016
Current income tax liabilities		–	–	61
Contract liabilities	*6(a)*	4,306	5,156	9,479
Dividends payables	*14*	–	5,267	45,267
Lease liabilities	*18*	–	3,082	1,342
Amounts due to subsidiaries	*36(d), (e)*	82,209	229,032	242,410
		99,083	256,284	317,343
Total liabilities		99,083	260,013	318,292
Total equity and liabilities		157,573	319,082	429,689

(D) Consolidated statements of changes in equity

	Attributable to owners of the Company					
	Share capital *RMB'000* *(Note 26)*	**Paid-in capital** *RMB'000*	**Reserves** *RMB'000* *(Note 27)*	**Retained earnings** *RMB'000* *(Note 28)*	**Non-controlling interests** *RMB'000*	**Total** *RMB'000*
As at 1 January 2019	–	10,000	61,593	(4,329)	30	67,294
Profit and total comprehensive income for the year	–	–	–	25,667	(75)	25,592
Transactions with owners in their capacity as owners						
Appropriation to statutory reserves	–	–	1,669	(1,669)	–	–
Consideration paid for business combination under common control *(Note 20(a))*	–	–	(1,000)	–	–	(1,000)
Capital contribution from the shareholders	–	9,995	–	–	–	9,995
Capital contribution from non-controlling interests	–	–	–	–	245	245
Employee share award scheme	–					
– Value of employee services *(Note 29)*	–	–	23,534	–	–	23,534
	–	9,995	24,203	(1,669)	245	32,774
As at 31 December 2019	–	19,995	85,796	19,669	200	125,660
As at 1 January 2020	–	19,995	85,796	19,669	200	125,660
Profit and total comprehensive income for the year	–	–	–	84,714	(246)	84,468
Transactions with owners in their capacity as owners						
Appropriation to statutory reserves	–	–	9,622	(9,622)	–	–
Conversion into a joint stock company *(Note 26(b))*	50,000	(19,995)	(30,537)	532	–	–
Non-controlling interests arising from business combination *(Note 33(c))*	–	–	–	–	6,316	6,316
Capital contribution from non-controlling interests	–	–	–	–	395	395
Dividend distribution to the shareholders	–	–	–	(52,800)	–	(52,800)
Employee share award scheme						
– Value of employee services *(Note 29)*	–	–	1,461	–	–	1,461
	50,000	(19,995)	(19,454)	(61,890)	6,711	(44,628)
As at 31 December 2020	50,000	–	66,342	42,493	6,665	165,500
As at 1 January 2021	50,000	–	66,342	42,493	6,665	165,500
Profit and total comprehensive income for the year	–	–	–	128,720	1,675	130,395
Transactions with owners in their capacity as owners						
Appropriation to statutory reserves	–	–	17,683	(17,683)	–	–
Capital contribution from non-controlling interests	–	–	–	–	490	490
Dividend distribution to the shareholders	–	–	–	(40,000)	–	(40,000)
Employee share award scheme						
– Value of employee services *(Note 29)*	–	–	1,667	–	–	1,667
	–	–	19,350	(57,683)	490	(37,843)
As at 31 December 2021	50,000	–	85,692	113,530	8,830	258,052

(E) Consolidated statements of cash flows

	Note	Year ended 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000
Cash flows from operating activities				
Cash generated from operations	*34(a)*	260,652	307,701	162,364
Refund of income tax for prior years		–	4,650	–
Income tax paid		(24,062)	(8,825)	(26,291)
Net cash generated from operating activities		236,590	303,526	136,073
Cash flows from investing activities				
Purchase of property, plant and equipment		(7,773)	(6,410)	(14,319)
Purchase of intangible assets		(1,352)	(2,683)	(1,655)
Proceeds from sale of property, plant and equipment		909	157	300
Advances to related parties	*36(b)*	(327,529)	(66,557)	(155,270)
Repayment of loans and advances to related parties	*36(b)*	655,803	126,285	160,270
Interest received from loans to related parties	*36(b)*	12,531	–	–
Dividends received from joint ventures	*19*	2,628	2,050	4,630
Proceeds from disposal of financial assets at fair value through profit and loss		6,785	–	–
Acquisition of a joint venture	*19*	(11,000)	–	–
Investment in a joint venture	*19*	–	–	(1,530)
Investment in associates	*19*	–	(360)	–
Restricted cash acquired in business combination	*33(b)*	–	(201)	–
Restricted cash released		–	–	201
Payment for acquisition of subsidiaries, net of cash and cash equivalents acquired	*33(d)*	(478)	(12,821)	(71,078)
Net cash generated from/(used in) investing activities		330,524	39,460	(78,451)
Cash flows from financing activities				
Dividends paid to the shareholders		(80,000)	(47,533)	(3,285)
Proceeds from advances from related parties	*36(b)*	534,687	944,586	45,224
Proceeds from bank borrowings	*34(b)*	–	11,000	–
Repayments of bank borrowings	*34(b)*	(266,000)	–	(11,000)
Interest paid		(13,240)	(275)	(351)
Repayments of advances from related parties	*36(b)*	(703,228)	(1,202,966)	(50,196)
Capital contribution from the shareholders		1,995	8,000	–
Capital contribution from non-controlling interests		245	395	490
Payment for listing expenses	*24*	–	(4,925)	(16,595)
Restricted cash pledged for bank borrowings		61,214	–	–
Consideration paid for business combination under common control		–	(1,000)	–
Principal element of lease payments	*18*	(1,883)	(4,526)	(6,697)
Net cash used in financing activities		(466,210)	(297,244)	(42,410)
Net increase in cash and cash equivalents		100,904	45,742	15,212
Cash and cash equivalents at beginning of the year		87,304	188,208	233,950
Cash and cash equivalents at end of the year		188,208	233,950	249,162

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Chongqing Dowell Chengfang Industrial Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 13 January 2015 as a limited liability company. Upon approval by the shareholders' general meeting held on 13 December 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and changed its registered name to "DOWELL SERVICE GROUP CO. LIMITED* (東原仁知城市運營服務集團股份有限公司)" on 30 December 2020. The address of the Company's registered office is Room 206, Commercial Building, B-1, No. 108, Baihe Road, Nanping Town, Nan'an District, Chongqing, PRC.

The Company's ultimate holding company is Dima Holdings Co., Ltd. ("Dima Holdings"), a company established in the PRC engaging in the real estate industry with its shares listed on the Shanghai Stock Exchange. In October 2020, the immediate holding company of the Company changed from Chongqing Dongyuan Real Estate Development Co., Ltd. ("Dongyuan Real Estate") to Tianjin Chengfang Corporate Management Consultant Co. Ltd. ("Tianjin Chengfang"), both are wholly-owned subsidiaries of Dima Holdings, after a series of capital injection and equity transfer transactions as disclosed in Note 26.

The Company and its subsidiaries (together "the Group") are primarily engaged in the provision of property management services and related value-added services in the PRC (the "Listing Business").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Historical Financial Information are in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss ("FVPL"), which are carried at fair value.

The preparation of the Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on 1 January 2021, are consistently applied to the Group throughout the Track Record Period.

(a) New standards, new amendments and interpretations to existing standards not yet adopted

The following new standards, new amendments and interpretations to existing standards, which are relevant to the Group, have been issued and are effective for future reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Accounting Guidance 5 (Revised)	Merger accounting for common control combinations	1 January 2022
HKAS 16 (Amendments)	Property, plant and equipment: proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous contracts – cost of fulfilling a contract	1 January 2022
HKFRS 3 (Amendments)	Update reference to the conceptual framework	1 January 2022

* for identification purpose only

		Effective for accounting periods beginning on or after
Annual Improvements to HKFRS Standards 2018–2020	HKFRS 9, HKFRS 16, HKFRS 1, HKAS 41	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023 (deferred from 1 January 2021)
HKAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2023 (deferred from 1 January 2022)
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of accounting policies	1 January 2023
HKAS 8 (Amendments)	Definition of accounting estimates	1 January 2023
HKAS 12 (Amendments)	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HK Interpretation 5 (2020)	Presentation of financial statement – classification by the borrower of a term loan that contains a repayment on demand clause	Applied when an entity applies HKAS 1 (Amendments)
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated balance sheets respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.2.4), after initially being recognized at cost.

2.2.3 Joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (Note 2.2.4), after initially being recognized at cost in the consolidated balance sheet.

2.2.4 Equity method

Under the equity method of accounting, investments in associates are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee, and the Group's share of movements in other comprehensive income ("OCI") of the investee in OCI. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2.2.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2.3 Business combinations

2.3.1 Business combinations under common control

The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control, where all assets and liabilities are recorded at predecessor carrying amounts, as if the combining entities have been consolidated from the date when they first came under the control of the controlling party, where differences between consideration payable and the net assets value are taken to the merger reserve.

2.3.2 Business combinations not under common control

The Group applies the acquisition method to account for all business combinations not under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;

- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss. Amounts classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognized in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors of the Company that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the entities within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Since the all of the assets and operations of the Group are located in the PRC, the Historical Financial Information is presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in consolidated statements of comprehensive income

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented within "Finance income – net". All other foreign exchange gains and losses are presented within "Other gains/(losses) – net".

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial year in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term, as follows:

Buildings	10-30 years
Electronic equipment	5-10 years
Furniture and fixtures	5-10 years
Vehicles	5-10 years
Leasehold improvements	shorter of useful life or lease term

Property, plant and equipment arising from business acquisition is depreciated over the remaining useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/(losses) – net" in the consolidated statements of comprehensive income.

2.8 Investment properties

Investment properties, principally leasehold apartments, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs. Depreciation is calculated using the straight-line method to allocate their cost over the shorter of their estimated useful lives and the lease terms (Note 2.27).

2.9 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3.2. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs, that is expected to benefit from the synergies of the combination in which the goodwill arose. The goodwill is allocated and monitored at subsidiary level which is below the operating segment level (Note 5).

The carrying value of the CGUs containing the goodwill is compared with the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed (Note 2.10).

(b) Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected lives of 8 years for the customer relationships, which is determined by considering to the existing conditions and possibilities of renewal of the property management contracts by reference with industry experiences.

(c) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 5 years.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "Other gains/(losses) – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statements of comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Other gains/(losses) – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains/(losses) – net" and impairment expenses are presented as separate line item in the statements of comprehensive income.

FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "Other gains/(losses) – net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVPL are recognized in "Other gains/(losses) – net" in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

For contract assets and trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 3.1(b) for further details.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. See Note 22 for further information about the Group's accounting for trade and other receivables and Note 3.1(b) for a description of the Group's impairment policies for trade and other receivables.

2.14 Inventories

Inventories refer to car parking spaces and are stated at the lower of cost and net realisable value. Cost of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Cash and cash equivalents

For the purpose of presentation in the consolidate statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Share capital and paid-in capital

Paid-in capital and ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.18 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statements of comprehensive income over the year of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as "Other income" or "Finance costs".

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in the year in which they are incurred.

2.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized in OCI or directly in equity. In this case the tax is also recognized in OCI or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheets.

(b) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(e) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within one year and are measured at the amounts expected to be paid when they are settled.

(f) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.22 Share-based payments

Pre-IPO share award scheme

Under the Pre-IPO share award scheme, shares were issued by the Company to certain employees. There is no vesting condition for these shares, therefore, the market value of the shares issued less the cash consideration paid by the employees for the issued shares is recognized as an employee benefits expense with a corresponding increase in equity.

The grant by the Company of its shares to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company's financial statements.

When the restricted shares are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital and capital reserve.

Dima Holdings restricted shares and share options schemes

The fair value of restricted shares and share options granted under Dima Holdings restricted shares and share options schemes are recognized as an employee benefits expense with a corresponding increase in equity as reserves. The total amount to be expensed is determined by reference to the fair value of the restricted shares or share options granted:

- including any market performance conditions (e.g. the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of restricted shares or share options that are expected to vest based on the non-marketing performance and service conditions. The estimates are revised at the end of each reporting period and adjustments are recognized in the consolidated statements of comprehensive income and the share-based payment reserve in equity.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such shares are reversed effective the date of the forfeiture.

Cancellation of the equity-settled share-based payments is treated as acceleration of vesting. The amount of share-based payment expense, which would have been recognized for services received over the remainder of the vesting period, is charged to profit or loss accounts, where appropriate, on the date of cancellation immediately.

2.23 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.24 Revenue recognition

The Group is primarily engaged in provision of property management services, community value-added services and value-added services to non-property owners.

Revenue is recognized when or as the control of the goods or services is transferred to a customer. 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.

If contracts involve the sale 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.

(a) Property management services

Revenue from providing property management services is recognized in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group when the Group performs.

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognizes as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group is primarily responsible for providing the property management services to the property owners, the Group recognizes the fee received or receivable from property owners as its revenue and all related property management costs as its cost of service.

For property management services income from properties managed under commission basis, where the Group recognizes the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

(b) Community value-added services

The Group provides community value-added services, which mainly include: car parking spaces management services, agency services for sale of car parking spaces and properties, car parking spaces sales business, community events planning services, public resources management services, agency services for property leasing and other community value-added services.

The Group managed car parking spaces and collected car parking fees on behalf of property developers and related management services fees are recognized as revenue on a net basis at a pre-determined percentage of total parking fees collected that corresponds directly with the value of performance completed.

The Group provides agency services for sale of car parking spaces and properties to property developers. The Group acts as an agent in the agency service as the Group is not the primary obligor to provide the car parking spaces and properties to the customers and the Group has no inventory risk and pricing discretion in sales of car parking spaces and properties. The Group recognizes commission fees on a net basis, which are calculated by a percentage of the sales prices when the car parking spaces and properties are delivered to the customers.

The Group also acts as a principal in sale of car parking lots in certain territory, as the Group obtains control of the car parking lots before transferring the control of car parking lots to the end customers. Revenue is recognized when the control of the car parking lot is transferred to the customer.

Revenue from community events planning services is recognized on a gross basis when such services are rendered.

The Group provides public resources management services, which mainly include: agent services for publishing advertisements, leasing public facilities or areas to the property owners. The Group acted as an agency when providing the services and recognizes the commission fees on a net basis, which is calculated by a portion of income earned by property owners in accordance with an agreed-upon percentage when such services are rendered.

The Group provides property agency services to property developers in relation to the properties that involve assisting in the searches for tenants, and coordination with potential tenants. The Group recognizes the commission fees on a net basis at a fixed percentage of rental income when such services are rendered.

Revenue from other community value-added services mainly include: renovation management services, decoration services, utility and maintenance services provided to residents or tenants, and is charged for each services provided and recognized when the relevant services are rendered.

(c) Value-added services to non-property owners

The Group provides value-added services to non-property owners, which mainly include: on-site sales assistance services, preliminary planning and delivery assistance services, pre-delivery consultancy and inspection services, maintenance and renovation services, washing services and medical-related necessities and other additional tailored services.

On-site sales assistance services mainly include: cleaning, security, maintenance of display units, visitor management and hospitality services provided to property developers at an early stage of property development, which are billed and settled monthly based on actual level of services provided at pre-determined price and revenue is recognized on a gross basis when such services are provided.

The Group provides preliminary planning and delivery assistance services to property developers before and during the construction of the properties. The Group provides pre-delivery consultancy and inspection services to property developers when the construction has been completed. The Group agrees the price for the services with the customers upfront and recognizes as revenue on a gross basis in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

The Group provides maintenance, renovation and engineering services to property developers. The Group agrees the price for the services with the customers upfront and recognizes as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

The Group provides washing and disinfection of medical fabrics services to hospitals which are billed and settled monthly based on actual level of services provided at pre-determined price and revenue is recognized when such services are provided. The Group provides medical-related necessities to hospitals at pre-determined price and revenue is recognized when such services are provided.

Other value-added services to non-property owners refer to other additional tailored services. The Group recognized revenue when the relevant services are rendered.

(d) Rental income

Rental income from lease of apartments is recognized in the consolidated statements of comprehensive income on a straight-line basis over the term of the lease (Note 2.27).

(e) Presentation of assets and liabilities related to contracts with customers

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Incremental costs incurred to obtain a contact, if recoverable, are capitalized and presented as assets and subsequently amortized when the related revenue is recognized. The Group applied the practical expedient to recognize the incremental costs of obtaining a contract as an expense immediately if the amortization period is less than 12 months.

2.25 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in profit or loss as part of "Other income".

Interest income is presented as "Finance income" where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in "Other income".

2.26 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.27 Leases

The Group leases apartments as lessee and then lease out to customers as lessor. The Group also lease office buildings and other equipment for own use. Rental contracts for apartments are typically made for fixed periods of 5 to 10 years. Rental contracts for office buildings and equipment are typically made for fixed periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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 the Group. Right-of-use assets that meet the definition of investment properties are presented as investment properties on the consolidated balance sheets (Note 2.8).

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;

- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term, typically made for fixed periods of 1 to 2 years (Note 2.24).

2.28 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.29 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including: foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The overall risk management program of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group is engaged in the provision of property management services and related value-added services in the PRC with almost all the transactions denominated and settled in RMB, which is the functional currency of the group companies. Therefore, its foreign exchange risk is limited. The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

As at 31 December 2019, 2020 and 2021, the Group had no material foreign currency denominated assets and liabilities. Therefore, the Group did not have any significant foreign exchange risk.

(ii) Cash flow and fair value interests rate risk

The Group's interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group has not used any derivative to hedge its exposure to interest rate risks.

The Group's exposure to changes in interest rates is mainly attributable to its long-term borrowings. As at 31 December 2019, 2020 and 2021, the Group did not have long-term borrowings.

(b) Credit risk

The Group is exposed to credit risk in relation to its trade receivables, contract assets, other receivables and cash deposits at banks. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Cash deposits at banks

To manage this risk, cash deposits at banks are mainly placed with state-owned and reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

(ii) Contract assets and trade receivables

The Group has policies in place to ensure that contract assets and trade receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets and trade receivables.

The contract assets relate to unbilled work in progress where the payment is not due, therefore the expected loss rate of contract assets is assessed to be minimal.

Trade receivables have been grouped based on shared credit risk characteristics and the days past due, to measure the expected credit losses.

The expected loss rates of trade receivables are based on the payment profiles of sales over a period of 36 months before each year end and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group assessed that the expected credit loss rate for trade receivables from the related parties were low since its related parties have a strong capacity to meet its contractual cash flow obligation in the near term. The Group assessed that the expected credit losses rate for trade receivables from related parties are immaterial and considered them to have a low credit risk, and thus the loss allowance is immaterial.

(iii) Other receivables

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics.

For other receivables due from related parties, the Group expects that the credit risk associated with these receivables due from related parties is considered to be low, since related parties have a strong capacity to meet its contractual cash flow obligations in the near term. Thus, the impairment provision recognized during the period was limited to 12 months expected losses, which was 0.5% allowance rate considering forwarding-looking risk for other receivables due from related parties.

For other receivables other than those from related parties, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience, existing market conditions as well as forward looking estimates at the end of each reporting period. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of counter party and changes in the operating results of the debtor.

Macroeconomic information (such as Consumer Price Index) is incorporated as part of the internal rating model.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking information on macroeconomic factors.

(iv) Impairment of financial assets

As at 31 December 2019, 2020 and 2021, the loss allowance provision for the trade receivables other than those due from related parties was determined as follow.

	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
31 December 2019					
Gross carrying amount – third party trade receivables (RMB'000) *(Note 22)*	28,208	7,131	7,085	4,304	46,728
Expected loss rate	0.6%	12.7%	14.5%	51.6%	
Loss allowance (RMB'000)	176	904	1,024	2,221	4,325
31 December 2020					
Gross carrying amount – third party trade receivables (RMB'000) *(Note 22)*	93,809	8,626	5,721	9,436	117,592
Expected loss rate	0.4%	9.5%	14.4%	54.9%	
Loss allowance (RMB'000)	414	819	824	5,180	7,237
31 December 2021					
Gross carrying amount – third party trade receivables (RMB'000) *(Note 22)*	141,369	34,819	6,018	6,031	188,237
Expected loss rate	0.6%	11.4%	25.3%	72.6%	
Loss allowance (RMB'000)	848	3,961	1,520	4,381	10,710

The Group has assessed that there was no significant increase of credit risk for other receivables. Thus, the Group used the 12 months expected credit losses model to assess credit loss of other receivables. As of 31 December 2019, 2020 and 2021, the loss allowance provision for other receivables was determined as follow:

		As of 31 December					
		2019		2020		2021	
	Expected Loss Rate	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Other receivables							
Due from related parties	0.5%	317,123	1,586	5,152	26	818	4
Due from third parties							
– Payments on behalf of property owners	1.5%-2.5%	6,569	99	6,417	71	6,758	150
– Deposits	0.5%-1.5%	7,101	99	9,583	86	9,388	50
– Advance to employees	1.5%-3.0%	1,418	37	2,192	39	3,635	93
– Others	1.0%-2.0%	4,009	79	7,075	81	4,739	55
		19,097	314	25,267	277	24,520	348
		336,220	1,900	30,419	303	25,338	352

The loss allowances for trade receivables and other receivables as at 31 December 2019, 2020, and 2021 reconcile to the opening loss allowances as follows:

	Trade receivables	Other receivables	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2019	5,892	3,546	9,438
Decrease in loss allowance recognized in the consolidated statements of comprehensive income during the year	(1,567)	(1,646)	(3,213)
As at 31 December 2019	4,325	1,900	6,225
As at 1 January 2020	4,325	1,900	6,225
Increase/(decrease) in loss allowance recognized in the consolidated statements of comprehensive income during the period	2,912	(1,597)	1,315
As at 31 December 2020	7,237	303	7,540
As at 1 January 2021	7,237	303	7,540
Increase in loss allowance recognized in the consolidated statements of comprehensive income during the period	3,473	49	3,522
As at 31 December 2021	10,710	352	11,062

(c) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The interests on borrowings are calculated based on borrowings held as at 31 December 2019, 2020 and 2021 without taking into account any subsequent changes in the amount of borrowings.

The Group

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2019					
Lease liabilities	2,629	1,965	1,627	439	6,660
Trade payables *(Note 30)*	62,478	29,080	–	–	91,558
Accruals and other payables (excluding non-financial liabilities) *(Note 30)*	378,266	–	–	–	378,266
Total	443,373	31,045	1,627	439	476,484
As at 31 December 2020					
Bank borrowings (principal plus interests)	11,343	–	–	–	11,343
Lease liabilities	7,347	5,305	6,352	273	19,277
Trade payables *(Note 30)*	134,629	–	–	–	134,629
Accruals and other payables (excluding non-financial liabilities) *(Note 30)*	221,489	–	–	–	221,489
Financial liabilities at FVPL *(Note 3.3)*	-	2,000	4,000	-	6,000
Dividends payables *(Note 14)*	–	5,267	–	–	5,267
Total	374,808	12,572	10,352	273	398,005
As at 31 December 2021					
Lease liabilities	4,579	3,818	3,769	24	12,190
Trade payables *(Note 30)*	180,793	–	–	–	180,793
Accruals and other payables (excluding non-financial liabilities) *(Note 30)*	150,576	–	–	–	150,576
Financial liabilities at FVPL *(Note 3.3)*	2,000	2,000	2,000	–	6,000
Dividends payables *(Note 14)*	45,267	–	–	–	45,267
Total	383,215	5,818	5,769	24	394,826

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio (net). This ratio is calculated as net debt divided by total equity. Net debt is calculated as the aggregate of total borrowings and lease liabilities less loans to related parties. Total equity is as shown in the consolidated balance sheet.

The gearing ratios as at 31 December 2019, 2020 and 2021 were as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings	–	11,000	–
Add: lease liabilities	6,159	18,117	10,374
Total debt	6,159	29,117	10,374
Total equity	125,660	165,500	258,052
Gearing ratio	4.9%	17.6%	4.0%

The fluctuation of gearing ratio during the Track Record Period is a result of drawdown/repayment of borrowings and the increase/decrease of lease liabilities.

3.3 Fair value estimation

(a) Fair value hierarchy

Financial instruments carried at fair value or where fair value was disclosed can be categorized by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's liabilities that are measured at fair value at 31 December 2020 and 2021

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020				
Financial liabilities at FVPL	–	–	6,000	6,000

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2021				
Financial liabilities at FVPL	–	–	6,000	6,000

There were no financial instruments carried at fair value as at 31 December 2019.

There were no transfers among levels of the fair value hierarchy during the Track Record Period.

(b) ***Fair value measurements using significant unobservable inputs (Level 3)***

(i) *Financial liabilities at FVPL*

The Group's financial liabilities at fair value represent contingent consideration payable for business combination (Note 33(c)). For the fair value of contingent consideration related to business combination, if net profit margin and revenue growth rate of the acquired subsidiary – Guangxi Dongyuan Shengkang Logistics Management Service Co., Ltd. ("Guangxi Shengkang") had been 10% lower for four years ending 31 December 2024 while holding all other assumptions constant, the estimated fair value of contingent consideration would have decreased approximately RMB1,225,200 and RMB178,939 respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions in preparation of the Group's consolidated financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Allowance on doubtful receivables

The Group makes allowances for receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs for the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and related impairment losses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1(b) above.

(b) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policies stated in Note 2.9 and 2.10, where the recoverable amounts of the CGUs is determined based on value-in-use ("VIU") calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in Note 17.

(d) Estimation of the useful life of customer relationships

Customer relationships identified on respective acquisition dates is recognized as intangible assets (Note 17). Customer relationships primarily related to the existing contracts of acquirees on the acquisition date. The Group estimates the useful life and determines the amortization period of the customer relationship to be 8 years based on the expected contract periods (including renewal) for property management services with customers based on the historical renewal pattern and the industry practice.

However, the actual useful life may be shorter or longer than estimate, depending on acquirees' ability to secure its contracts and relationship with property developers or renew the contracts with property owners' associations in the future. Where the actual contract periods are different from the original estimates, such difference will impact the carrying amount of the intangible asset of customer relationships and the amortization expenses in the periods in which such estimate has been changed.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

During the Track Record Period, the Group is principally engaged in the provision of property management services, community value-added services, and value-added services to non-property owners. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The principal operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the Track Record Period.

As at 31 December 2019, 2020 and 2021, all of the assets of the Group were located in the PRC.

6 REVENUE AND COST OF SALES

Revenue mainly comprises proceeds from property management services, community value-added services, and value-added services to non-property owners. An analysis of the Group's revenue and cost of sales by category for the years ended 31 December 2019, 2020 and 2021 is as follows:

	Year ended 31 December					
	2019		2020		2021	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from customer and recognized over time						
Property management services	257,284	211,949	349,366	267,277	629,028	483,468
Community value-added services	92,425	71,661	115,614	83,941	185,716	130,512
Value-added services to non-property owners	114,148	85,282	196,395	138,513	249,856	179,551
	463,857	368,892	661,375	489,731	1,064,600	793,531
Revenue from customer and recognized at point in time						
Community value-added services *(i)*	83,049	48,648	89,183	50,201	101,135	71,071
Value-added services to non-property owners	12,248	8,924	16,244	10,881	27,688	19,898
	95,297	57,572	105,427	61,082	128,823	90,969
	559,154	426,464	766,802	550,813	1,193,423	884,500
Revenue recognized on gross basis/net basis:						
Revenue recognized on gross basis	512,526	402,834	701,962	521,334	1,105,965	831,141
Revenue recognized on net basis	46,628	23,630	64,840	29,479	87,458	53,359
	559,154	426,464	766,802	550,813	1,193,423	884,500

For the years ended 31 December 2019,2020 and 2021, revenue from related parties contributed to 37.7%, 41.4% and 31.4% of the Group's revenue, respectively. Other than entities controlled by Dima Holdings and joint ventures and associates of Dima Holdings, none of the customers contributed 10% or more of the Group's revenue during the Track Record Period.

(i) For the years ended 31 December 2019, 2020 and 2021, revenue from sale of car parking spaces which the Group acts as a principal amounted to RMB24,101,000, RMB8,097,000 and RMB10,668,000, respectively.

(a) Contract assets and liabilities

The Group has recognized the following revenue-related contract assets and liabilities:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets			
– Community value-added services	–	2,459	–
– Value-added services to non-property owners	–	10,190	1,301
	–	12,649	1,301

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– Property management services	64,124	97,053	140,922
– Community value-added services	19,110	15,217	49,861
– Value-added services to non-property owners	5,185	5,739	3,849
	88,419	118,009	194,632

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– Value-added services to non-property owners	4,306	5,156	9,479

(b) Significant changes in contract assets and liabilities

Contract assets of the Group mainly arise from the unbilled work in progress where payment is not due. Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such assets and liabilities increased as a result of the growth of the Group's business.

(c) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year			
– Property management services	43,249	64,124	97,053
– Community value-added services	12,154	19,110	15,217
– Value-added services to non-property owners	4,793	5,185	5,739
	60,196	88,419	118,009

(d) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations of pre-delivery services resulting from related fixed-price long-term contracts:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Aggregate amount of the transaction price allocated to long-term pre-delivery services that are partially or fully unsatisfied	19,998	10,368	30,342

The maturity date of the unsatisfied performance obligations was analyzed as follows and the amount disclosed does not include variable consideration which is constrained.

	As at 31 December					
	2019		**2020**		**2021**	
	RMB'000		*RMB'000*		*RMB'000*	
Less than 1 financial year	13,252	66%	7,181	69%	12,981	43%
1 to 2 financial years	5,984	30%	3,187	31%	14,592	48%
2 to 3 financial years	762	4%	–	–	2,769	9%
Over 3 financial years	–	–	–	–	–	–
	19,998		10,368		30,342	

For all other property management services and property developer and other value-added services, the Group recognizes revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts. The majority of the property management services contracts do not have a fixed term.

For community value-added services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(e) Contract costs

(i) Assets recognized from incremental costs to obtain contracts

During the Track Record Period, the Group has also recognized assets from incremental costs to obtain long-term property management services contracts, as set out below:

	As at 31 December	
	2020	**2021**
	RMB'000	*RMB'000*
Asset recognized from incremental costs to obtain a contract	4,945	8,653

	Year ended 31 December	
	2020	**2021**
	RMB'000	*RMB'000*
Amortization recognized as cost of providing services	952	2,200

The incremental costs capitalized as assets mainly refers to the commission fees or consulting fees paid for obtaining the contracts. The assets are amortized on a straight-line basis over the terms of the specific contracts the costs relate to, consistent with the pattern of recognition of the associated revenue.

7 EXPENSES BY NATURE

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Employee benefit expenses *(Note 8)*	294,536	323,766	492,631
Cleaning costs	49,665	63,959	148,134
Maintenance costs	24,872	63,408	78,334
Security costs	34,464	63,013	103,831
Utilities	26,027	34,998	37,206
Short-term lease expenses *(Note 18)*	8,467	11,048	10,159
Travel and entertainment expenses	11,333	10,933	14,514
Costs of consumables	17,521	16,915	42,604
Professional expenses	8,820	11,659	18,461
Greening and gardening costs	9,449	10,076	12,821
Cost of selling parking spaces	13,090	7,002	6,398
Promotion expenses	9,379	7,324	7,131
Community activity expenses	5,547	3,764	3,561
Depreciation of property, plant and equipment *(Note 15)*	1,846	3,021	6,229
Depreciation of right-of-use assets *(Note 18)*	1,597	3,597	5,376
Other taxes	2,727	3,403	5,550
Office expenses	2,986	3,203	8,219
Bank charges	1,095	1,425	2,144
Depreciation of investment properties *(Note 16)*	178	337	98
Amortization of intangible assets *(Note 17)*	67	291	5,545
Auditors' remuneration			
– Audit services	–	650	1,100
Other expenses	20,396	33,999	41,509
	544,062	677,791	1,051,555

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	210,079	259,724	393,509
Pensions, housing funds, medical insurances and other social insurances *(a)*	29,743	24,282	59,253
Other employee benefits *(b)*	31,180	38,299	38,202
Share-based payment expenses *(Note 29)*	23,534	1,461	1,667
	294,536	323,766	492,631

(a) Employees in the Company and the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme and housing funds, medical insurances and other social insurance plans administrated and operated by the local municipal government. The Company and the Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits, housing funds, medical insurances and other social insurances of the employees.

(b) Other employee benefits mainly include meal, traveling, transportation allowances and other allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include Mr. Fan Dong, and Mr. Heng Qingda, directors whose emoluments are reflected in the analysis presented in Note 37 for each of the years ended 31 December 2019, 2020 and 2021, respectively. Detail of the remunerations of the remaining highest paid non-director individuals during the Track Record Period are set out as below:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	3,160	3,378	3,623
Pensions, housing funds, medical insurances and other social insurances	149	220	320
Share-based payment expenses	8,835	–	–
	12,144	3,598	3,943

The emoluments of the highest paid non-director individuals fell within the following band:

	Year ended 31 December		
	2019	**2020**	**2021**
Emolument bands			
HKD1,000,001 – HKD1,500,000	1	2	3
HKD1,500,001 – HKD2,000,000	1	1	–
HKD10,500,001 – HKD11,000,000	1	–	–

During the Track Record Period, none of the five highest paid individuals waived or has agreed to waive any emoluments, and none of the five highest paid individuals received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

9 OTHER INCOME

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Government subsidies	7,419	5,808	9,554

Government subsidies represented mainly rewards and tax refunds from local government without attached conditions.

10 OTHER LOSSES – NET

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Fair value gains on financial assets at FVPL	43	–	–
Net losses from disposal of property, plant and equipment	(97)	(110)	(372)
Net gains from disposal of investment properties	–	–	133
Net losses from disposal of right-of-use assets	–	–	(76)
	(54)	(110)	(315)

11 FINANCE INCOME/(COSTS) – NET

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
– Interest income from loans to related parties *(Note 36(b))*	12,531	–	–
– Bank interest income	530	235	325
	13,061	235	325
Finance costs:			
– Interest expenses on bank borrowings	(12,531)	(250)	(351)
– Interest expenses on lease liabilities *(Note 18)*	(216)	(406)	(682)
	(12,747)	(656)	(1,033)
Finance income/(costs) – net	314	(421)	(708)

12 INCOME TAX EXPENSES

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Current tax on profits for the year	7,096	12,231	22,640
Deferred income tax *(Note 32)*	(1,183)	1,991	1,004
	5,913	14,222	23,644

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of PRC, the principal place of the Group's operations, as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	31,505	98,690	154,039
Less: share of results of investments accounted for using the equity method, net of tax	(5,521)	(5,717)	(7,162)
	25,984	92,973	146,877
Tax charge at effective rate applicable to profits in the corporate income tax	6,496	23,243	36,719
Tax effects of:			
– Effect of preferential tax rate of certain subsidiaries	(1,233)	(10,048)	(14,304)
– Expenses not deductible for tax purposes	650	949	513
– Under-provision in prior year	–	78	716
	5,913	14,222	23,644

(a) PRC corporate income tax

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group located in western cities in the PRC are subject to a preferential income tax rate of 15%. Certain subsidiaries of the Group are small and micro enterprises, and are subject to a preferential tax rate of 20% or 10%, with a deemed preferential profit rate.

13 EARNINGS PER SHARE

(a) Basic

For the purpose of computing basic earnings per share, ordinary shares were assumed to have issued and allocated on 1 January 2019 as if the Company has completed its conversion into a joint stock company by then (Note 26).

The basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares during the Track Record Period.

	Year ended 31 December		
	2019	**2020**	**2021**
Profit attributable to owners of the Company (RMB'000)	25,667	84,714	128,720
Weighted average number of ordinary shares in issue (in thousands)	50,000	50,000	50,000
Basic earnings per share for profit attributable to equity owners of the Company during the year (expressed in RMB per share)	0.51	1.69	2.57

(b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued during the Track Record Period.

14 DIVIDENDS

	Year ended 31 December 2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Dividends	–	52,800	40,000

For the RMB52,800,000 dividend declared in 2020, RMB47,533,000 was paid in 2020. The dividend of RMB40,000,000 declared in 2021 was not paid in 2021. As at 31 December 2021, there was dividend payable of RMB45,267,000, which was paid subsequently in January 2022.

15 PROPERTY, PLANT AND EQUIPMENT

The Group	Buildings	Electronic equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019						
Cost	98	9,270	762	156	–	10,286
Accumulated depreciation	(51)	(4,392)	(388)	(44)	–	(4,875)
Net book amount	47	4,878	374	112	–	5,411
Year ended 31 December 2019						
Opening net book amount	47	4,878	374	112	–	5,411
Additions	524	6,013	581	96	559	7,773
Disposals	–	(890)	(72)	(44)	–	(1,006)
Depreciation charge *(Note 7)*	(27)	(1,657)	(118)	(44)	–	(1,846)
Closing net book amount	544	8,344	765	120	559	10,332
As at 31 December 2019						
Cost	622	14,067	1,266	191	559	16,705
Accumulated depreciation	(78)	(5,723)	(501)	(71)	–	(6,373)
Net book amount	544	8,344	765	120	559	10,332
Year ended 31 December 2020						
Opening net book amount	544	8,344	765	120	559	10,332
Business combinations *(Note 33)*	–	1,568	120	398	121	2,207
Additions	22	5,029	299	101	959	6,410
Disposals	–	(223)	(41)	(3)	–	(267)
Depreciation charge *(Note 7)*	(24)	(2,425)	(219)	(51)	(302)	(3,021)
Closing net book amount	542	12,293	924	565	1,337	15,661

The Group	Buildings	Electronic equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020						
Cost	643	27,188	2,795	1,602	1,755	33,983
Accumulated depreciation	(101)	(14,895)	(1,871)	(1,037)	(418)	(18,322)
Net book amount	542	12,293	924	565	1,337	15,661
Year ended 31 December 2021						
Opening net book amount	542	12,293	924	565	1,337	15,661
Additions	–	5,496	331	231	4,761	10,819
Disposals	–	(459)	(71)	(21)	(121)	(672)
Depreciation charge *(Note 7)*	(21)	(4,064)	(152)	(155)	(1,837)	(6,229)
Closing net book amount	521	13,266	1,032	620	4,140	19,579
As at 31 December 2021						
Cost	643	28,435	2,582	1,676	6,332	39,668
Accumulated depreciation	(122)	(15,169)	(1,550)	(1,056)	(2,192)	(20,089)
Net book amount	521	13,266	1,032	620	4,140	19,579

The Company	Electronic equipment	Furniture and fixtures	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019				
Cost	98	5	–	103
Accumulated depreciation	(23)	(1)	–	(24)
Net book amount	75	4	–	79
Year ended 31 December 2019				
Opening net book amount	75	4	–	79
Additions	53	21	–	74
Disposals	(11)	–	–	(11)
Depreciation charge	(21)	(2)	–	(23)
Closing net book amount	96	23	–	119
As at 31 December 2019				
Cost	136	26	–	162
Accumulated depreciation	(40)	(3)	–	(43)
Net book amount	96	23	–	119

The Company	Electronic equipment	Furniture and fixtures	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020				
Opening net book amount	96	23	–	119
Additions	125	–	112	237
Disposals	(43)	–	–	(43)
Depreciation charge	(33)	(5)	(21)	(59)
Closing net book amount	145	18	91	254
As at 31 December 2020				
Cost	183	26	112	321
Accumulated depreciation	(38)	(8)	(21)	(67)
Net book amount	145	18	91	254
Year ended 31 December 2021				
Opening net book amount	145	18	91	254
Additions	26	1	936	963
Disposals	(55)	–	–	(55)
Depreciation charge	(7)	(7)	(194)	(208)
Closing net book amount	109	12	833	954
As at 31 December 2021				
Cost	154	26	1,048	1,228
Accumulated depreciation	(45)	(14)	(215)	(274)
Net book amount	109	12	833	954

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income (Note 7):

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	1,149	2,264	5,269
Administrative expenses	655	728	926
Selling and marketing expenses	42	29	34
	1,846	3,021	6,229

(a) No property, plant and equipment was restricted or pledged for the Group's borrowings as at 31 December 2019, 2020 and 2021.

16 INVESTMENT PROPERTIES

The Group	**Apartments** *RMB'000*
Year ended 31 December 2019	
Opening net book amount	–
Additions	2,080
Depreciation charge *(Note 7)*	(178)
Closing net book amount	1,902
As at 31 December 2019	
Cost	2,080
Accumulated depreciation	(178)
Net book amount	1,902
Year ended 31 December 2020	
Opening net book amount	1,902
Depreciation charge *(Note 7)*	(337)
Closing net book amount	1,565
As at 31 December 2020	
Cost	2,080
Accumulated depreciation	(515)
Net book amount	1,565
Year ended 31 December 2021	
Opening net book amount	1,565
Disposals	(1,467)
Depreciation charge *(Note 7)*	(98)
Closing net book amount	–
As at 31 December 2021	
Cost	613
Accumulated depreciation	(613)
Net book amount	–

Depreciation expenses of the investment properties of RMB178,000, RMB337,000 and RMB98,000 were charged to "Cost of sales" in the years ended 31 December 2019, 2020 and 2021, respectively in the consolidated statements of comprehensive income (Note 7).

For the years ended 31 December 2019, 2020 and 2021, the rental income arising from the investment properties were RMB51,000, RMB144,000 and RMB29,000 respectively, which were included in "Revenue". The direct operating expenses for rental income from investment properties were immaterial.

The fair values of the investment properties approximate their carrying amounts based on management's estimation by the income approach.

17 INTANGIBLE ASSETS

The Group	Software	Customer relationships[(a)]	Goodwill[(b)]	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019				
Opening net book amount	–	–	–	–
Business combinations	–	–	1,031	1,031
Other additions	–	1,352	–	1,352
Amortization charge *(Note 7)*	–	(67)	–	(67)
Closing net book amount	–	1,285	1,031	2,316
As at 31 December 2019				
Cost	–	1,352	1,031	2,383
Accumulated amortization	–	(67)	–	(67)
Net book amount	–	1,285	1,031	2,316
Year ended 31 December 2020				
Opening net book amount	–	1,285	1,031	2,316
Business combinations *(Note 33)*	–	37,701	75,698	113,399
Other additions	2,683	–	–	2,683
Amortization charge *(Note 7)*	(156)	(135)	–	(291)
Closing net book amount	2,527	38,851	76,729	118,107
As at 31 December 2020				
Cost	2,683	39,053	76,729	118,465
Accumulated amortization	(156)	(202)	–	(358)
Net book amount	2,527	38,851	76,729	118,107
Year ended 31 December 2021				
Opening net book amount	2,527	38,851	76,729	118,107
Other additions	1,639	–	–	1,639
Amortization charge *(Note 7)*	(699)	(4,846)	–	(5,545)
Closing net book amount	3,467	34,005	76,729	114,201
As at 31 December 2021				
Cost	4,322	39,053	76,729	120,104
Accumulated amortization	(855)	(5,048)	–	(5,903)
Net book amount	3,467	34,005	76,729	114,201

Amortization expenses of the intangible assets of RMB67,000, RMB291,000, and RMB5,545,000 were charged to "Administration expenses" in the years ended 31 December 2019, 2020 and 2021 respectively in the consolidated statements of comprehensive income (Note 7).

(a) Customer relationships

During the year ended 31 December 2019, the Group acquired Hubei Zhonghe Century Property Management Co., Ltd. ("Hubei Zhonghe") for a total consideration of RMB1,352,000. The acquisition was accounted for as an asset deal and the corresponding asset was recognized as customer relationships.

In addition, during the years ended 31 December 2019 and 2020, the Group acquired several companies (Note 33). Total identifiable net assets of these companies as at their respective acquisition dates amounted to approximately RMB169,000 and RMB39,553,000 in years ended 31 December 2019 and 2020, respectively, including identified customer relationships amounting to Nil and RMB37,701,000 in total recognized by the Group in the years ended 31 December 2019 and 2020.

(b) Impairment tests for goodwill arising from business combinations

Goodwill arose from acquisition of subsidiaries:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Chongqing Shengdu Property Management Co., Ltd. ("Chongqing Shengdu")	1,031	1,031	1,031
GSN Property Service Co., Ltd. ("GSN")	–	62,273	62,273
Guangxi Dongyuan Shengkang Logistics Management Service Co., Ltd. ("Guangxi Shengkang")	–	13,425	13,425
	1,031	76,729	76,729

As at 31 December 2019, goodwill of RMB1,031,000 was allocated to Chongqing Shengdu for impairment testing. As at 31 December 2019, the management performed an impairment assessment on the goodwill. The recoverable amount of the property management business operated by Chongqing Shengdu was assessed by the management based on VIU calculation, using management's cash flow projections for a five-year period.

Management has determined the values assigned to each of the above key assumptions as follows:

Compound annual growth rate of revenue during the projection period	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Gross margin (% of revenue)	Based on past performance and management's expectations for the future.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	Reflect specific risks relating to the relevant entities.

The following table sets forth each key assumption adopted by the management in its cash flow projections to undertake impairment testing of goodwill as 31 December 2019:

	Chongqing Shengdu
Compound annual growth rate of revenue during the projection period	12.16%
Gross margin (% of revenue)	17.57%
Long-term growth rate	3.00%
Pre-tax discount rate	14.68%

As at 31 December 2019, recoverable amount of RMB5,726,000 of Chongqing Shengdu based on VIU calculation exceeded its carrying value of RMB1,033,000.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom as at 31 December 2019:

	Chongqing Shengdu
As at 31 December 2019	
Annual revenue growth rate	-41%
Gross margin (% of revenue)	-52%
Discount rate	+30%

As at 31 December 2020, goodwill of RMB1,031,000, RMB62,273,000, RMB13,425,000 were allocated to the CGUs of Chongqing Shengdu, GSN and Guangxi Shengkang for impairment testing. As at 31 December 2020, the management performed an impairment assessment on the goodwill. The recoverable amount of the property management business operated by Chongqing Shengdu, GSN and Guangxi Shengkang were assessed by the management and determined based on VIU calculation, using management's cash flow projections for a five-year period.

The following table sets forth each key assumption adopted by the management in its cash flow projections to undertake impairment testing of goodwill as 31 December 2020:

31 December 2020	**Chongqing Shengdu**	**GSN**	**Guangxi Shengkang**
Compound annual growth rate of revenue during the projection period	18.36%	11.13%	10.80%
Gross margin (% of revenue)	16.98%	18.13%	37.80%
Long-term growth rate	3.00%	3.00%	3.00%
Pre-tax discount rate	14.73%	19.57%	15.87%

As at 31 December, 2020, the recoverable amount of RMB8,591,000, RMB101,202,000 and RMB44,604,000 of Chongqing Shengdu, GSN and Guangxi Shengkang based on VIU calculation exceeded their carrying values of RMB1,054,000, RMB91,141,000 and RMB40,521,000 by RMB7,536,000, RMB10,062,000 and RMB4,082,000, respectively.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom as at 31 December 2020:

	Chongqing Shengdu	**GSN**	**Guangxi Shengkang**
As at 31 December 2020			
Annual revenue growth rate	-55%	-5%	-2%
Gross margin (% of revenue)	-55%	-8%	-4%
Discount rate	+40%	+2%	+1%

As at 31 December 2021, goodwill of RMB1,031,000, RMB62,273,000, RMB13,425,000 were allocated to the CGUs of Chongqing Shengdu, GSN and Guangxi Shengkang for impairment testing. As at 31 December 2021, the management performed an impairment assessment on the goodwill. The recoverable amount of the property management business operated by Chongqing Shengdu, GSN and Guangxi Shengkang were assessed by the management and determined based on VIU calculation, using management's cash flow projections for a five-year period.

The following table sets forth each key assumption adopted by the management in its cash flow projections to undertake impairment testing of goodwill as 31 December 2021:

31 December 2021	**Chongqing Shengdu**	**GSN**	**Guangxi Shengkang**
Compound annual growth rate of revenue during the projection period	5.70%	9.60%	8.39%
Gross margin (% of revenue)	17.62%	20.40%	35.28%
Long-term growth rate	2.50%	2.50%	2.50%
Pre-tax discount rate	14.79%	19.43%	15.92%

As at 31 December 2021, the recoverable amount of RMB6,648,000, RMB127,295,000 and RMB49,642,000 of Chongqing Shengdu, GSN and Guangxi Shengkang based on VIU calculation exceeded their carrying value of RMB1,067,000, RMB86,369,000 and RMB40,127,000 by RMB5,581,000, RMB40,926,000 and RMB9,515,000, respectively.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom as at 31 December 2021:

As at 31 December 2021	**Chongqing Shengdu**	**GSN**	**Guangxi Shengkang**
Annual revenue growth rate	-40%	-12%	-6%
Gross margin (% of revenue)	-52%	-17%	-6%
Discount rate	+29%	+4%	+2%

Based on the headroom of the impairment assessments of goodwill as at 31 December 2019, 31 December 2020 and 31 December 2021, the directors of the Company believed that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

18 LEASES

(i) Amounts recognized in the consolidated balance sheets

The balance sheet shows the following amounts relating to leases:

The Group

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Office buildings	4,063	16,408	10,649
Equipment and others	–	38	20
	4,063	16,446	10,669
Lease liabilities			
Current	2,400	6,661	3,854
Non-current	3,759	11,456	6,520
	6,159	18,117	10,374

The Company

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Office buildings	–	6,924	2,241
Lease liabilities			
Current	–	3,082	1,324
Non-current	–	3,729	949
	–	6,811	2,291

(ii) Amounts recognized in the consolidated statements of comprehensive income

The consolidated statements of comprehensive income show the following amounts relating to leases:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets *(Note 7)*			
– Office buildings	1,597	3,597	5,356
– Equipment and others	–	–	20
	1,597	3,597	5,376
Interest expense *(Note 11)*	216	406	682
Expense relating to short-term leases (included in cost of sales and administrative expenses) *(Note 7)*	8,467	11,048	10,159

(iii) Amounts recognized in the consolidated statements of cash flows

The total cash outflow for principal element of lease payments in the years ended 31 December 2019, 2020 and 2021 was RMB1,883,000, RMB4,526,000 and RMB6,697,000, respectively.

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Beginning of the year	4,716	18,609	22,636
Acquisition of a joint venture	11,000	–	–
Investment in a joint venture	–	–	1,530
Investment in associates	–	360	–
Share of post-tax profits of joint ventures and associates	5,521	5,717	7,162
Dividends distribution	(2,628)	(2,050)	(7,210)
End of the year/period	18,609	22,636	24,118

The joint ventures and associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investment in joint ventures and associates as at 31 December 2019 and 2020 and 2021:

Name of entity	**Place of business/county of incorporation**	**% of ownership interest 2019**	**2020**	**2021**	**Nature of the relationship**	**Measurement method**
		%	%	%		
Chongqing Xuyuan Tiancheng Property Management Co., Ltd. ("Xuyuan Tiancheng") *(a)*	Chongqing/PRC	49	49	49	Joint venture	Equity
Mianyang Ruisheng Property Management Co., Ltd. ("Mianyang Ruisheng") *(b)*	Sichuan/PRC	50	50	50	Joint venture	Equity
Zhejiang Dongzhen Property Management Co., Ltd. ("Zhejiang Dongzhen") *(c)*	Zhejiang/PRC	–	36	36	Associate	Equity
Xi'an Dongyuan Aohui Property Management Co., Ltd. ("Dongyuan Aohui") *(d)*	Shanxi/PRC	–	36	36	Associate	Equity
Chengdu Jiulian Property Management Co., Ltd.("Chengdu Jiulian") *(e)*	Sichuan/PRC	–	–	51	Joint venture	Equity
Shandong Dongyuan Smart City Service Co., Ltd. ("Shandong Dongyuan") *(f)*	Shandong/PRC	–	–	51	Joint venture	Equity
Kunming Gaoxin Dongyuan Smart City Service Co., Ltd. ("Kunming Dongyuan") *(g)*	Yunnan/PRC	–	–	48	Associate	Equity

(a) Xuyuan Tiancheng was established by the Company and an independent third party, Shanghai Yongsheng Property Management Co., Ltd. in March 2016.

(b) The Company's subsidiary, Chongqing Xindongyuan Property Management Co., Ltd. ("Chongqing Xindongyuan"), acquired 50% shareholding of Mianyang Ruisheng in June 2019.

(c) Zhejiang Dongzhen was established by the Company's subsidiary, Chongqing Xindongyuan, and external third parties, Mr. Zhoudaijun, Mr. Luzhen, Mr. Shengdecai and Mr. Chenzhongxi in June 2020.

(d) Dongyuan Aohui was established by the Company's subsidiary, Chongqing Xindongyuan, and external third parties, Mr. Niuchangyu and Mrs. Liuqiong in October 2020.

(e) Chengdu Jiulian was established by the Company's subsidiary, Chongqing Xindongyuan, and an external third party, Chengdu Haike Property Management Co., Ltd. in October 2021.

(f) Shandong Dongyuan was established by the Company's subsidiary, Chongqing Xindongyuan, and external third parties, Weihai Qidun Security Service Co., Ltd. and Changjiang Xietong Innovation Technology Research Institution in November 2021.

(g) Kunming Dongyuan was established by the Company's subsidiary, Chongqing Xindongyuan, and an external third party, Kunming Gaoxin Industrial Development Co., Ltd. in December 2021.

All joint ventures and associates are mainly engaged in providing property management services.

There are no commitment or contingent liabilities relating to the Group's interest in its joint ventures and associates as at 31 December 2019, 2020 and 2021.

Summarized financial information for the material joint ventures and associates

Set out below are the summarized financial information of the joint ventures and associates as at 31 December 2019, 2020 and 2021 and for the years and period then ended, which are accounted for using the equity method.

Summarized balance sheets of Xuyuan Tiancheng

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Cash and cash equivalents	15,505	18,936	15,348
Trade and other receivables	15,318	26,270	36,402
Prepayments	5	1	13
Total current assets	30,828	45,207	51,763
Trade and other payables	(15,950)	(23,408)	(32,074)
Total current liabilities	(15,950)	(23,408)	(32,074)
Non-current			
Property, plant and equipment	214	255	409
Deferred tax assets	12	558	643
Total non-current assets	226	813	1,052
Net assets	15,104	22,612	20,741

Reconciliation of summarized financial information of Xuyuan Tiancheng

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Net assets at beginning of the year	9,625	15,104	22,612
Profit for the year	10,843	11,692	12,843
Dividend distribution *(i)*	(5,364)	(4,184)	(14,714)
Net assets at end of the year	15,104	22,612	20,741
Group's share in (%)	49%	49%	49%
Group's share in (amount)	7,401	11,080	10,163
Carrying amount	7,401	11,080	10,163

(i) For the RMB14,714,000 dividend declared in 2021, RMB12,134,000 was paid in 2021. For the RMB4,184,000 dividend declared in 2020 was fully paid in 2020.

Summarized consolidated statements of comprehensive income of Xuyuan Tiancheng

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	34,536	49,391	52,791
Cost of sales	(20,802)	(32,745)	(35,108)
– including: depreciation and amortization	(35)	(38)	(51)
Selling and administrative expenses	(988)	(2,270)	(2,336)
Finance income/(expenses) – net	(11)	(46)	(80)
Other income	91	235	244
Other (losses)/gains – net	–	7	33
Impairment losses on financial assets	(69)	(773)	(566)
Profit before income tax	12,757	13,799	14,978
Income tax expense	(1,914)	(2,108)	(2,135)
Post-tax profit for the year	10,843	11,691	12,843
Other comprehensive income	–	–	–
Total comprehensive income for the year	10,843	11,691	12,843

Summarized consolidated balance sheets of Mianyang Ruisheng

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Cash and cash equivalents	12,224	14,241	17,469
Trade and other receivables	4,887	4,358	3,949
Prepayments	51	510	49
Total current assets	17,162	19,109	21,467
Trade and other payables	(12,448)	(13,717)	(15,202)
Total current liabilities	(12,448)	(13,717)	(15,202)
Non-current			
Intangible assets	8,114	7,370	7,921
Property, plant and equipment	155	259	249
Deferred tax assets	3	3	15
Total non-current assets	8,272	7,632	8,185
Total non-current liabilities	(1,191)	(1,084)	(1,072)
Net assets	11,795	11,940	13,378

Reconciliation of summarized consolidated financial information of Mianyang Ruisheng

	Period from the acquisition date to 31 December	Year ended 31 December	
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Net assets at beginning of the period/year	11,380	11,795	11,940
Profit for the period/year	415	145	1,438
Net assets at end of the period/year	11,795	11,940	13,378
Group's share in (%)	50%	50%	50%
Group's share in (amount)	5,898	5,970	6,689
Goodwill	5,310	5,310	5,310
Carrying amount	11,208	11,280	11,999

Summarized consolidated statements of comprehensive income of Mianyang Ruisheng

	Period from acquisition date to 31 December	Year ended 31 December	
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Revenue	10,167	21,709	24,658
Cost of sales	(7,875)	(18,525)	(19,558)
– including: depreciation and amortization	(50)	(56)	(41)
Selling and administrative expenses	(1,854)	(3,196)	(3,453)
Finance (expenses)/income – net	(10)	19	68
Other income	88	176	161
Other losses – net	(24)	(4)	–
Impairment losses on financial assets	–	–	(253)
Profit before income tax	492	179	1,623
Income tax expense	(77)	(34)	(185)
Post-tax profit for the year	415	145	1,438
Other comprehensive income	–	–	–
Total comprehensive income for the year	415	145	1,438

Summarized consolidated balance sheets of Chengdu Jiulian

	As at 31 December 2021
	RMB'000
Current	
Cash and cash equivalents	2,710
Trade and other receivables	992
Total current assets	3,702
Trade and other payables	(405)
Total current liabilities	(405)
Net assets	3,297

Reconciliation of summarized consolidated financial information of Chengdu Jiulian

	As at 31 December 2021
	RMB'000
Net assets at beginning of the year	3,000
Profit for the year	297
Net assets at end of the year	3,297
Group's share in (%)	51%
Group's share in (amount)	1,681
Carrying amount	1,681

Summarized consolidated statements of comprehensive income of Chengdu Jiulian

	Year ended 31 December 2021
	RMB'000
Revenue	784
Cost of sales	(369)
Selling and administrative expenses	(105)
Impairment losses on financial assets	(6)
Profit before income tax	304
Income tax expense	(7)
Post-tax profit for the year	297
Other comprehensive income	–
Total comprehensive income for the year	297

Summarized financial information for individually immaterial associates

In addition to the interests in joint ventures disclosed above, the Group also has interests in several individually immaterial associates that are accounted for using the equity method.

	As at 31 December 2020	2021
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associates	276	275

	Year ended 31 December 2020	2021
	RMB'000	*RMB'000*
Aggregate amounts of the Group's share of:		
Loss for the year/period	(84)	(1)
Other comprehensive income	–	–
Total comprehensive loss	(84)	(1)

20 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2019, 2020 and 2021 are set out below.

Entity name*	Country/Place and date of incorporation/ establishment	Paid up/ registered capital *RMB'000*	Attributable equity interest of the Group 31 December 2019	2020	2021	As at the date of this report	Principal activities	Place of operations	Statutory auditors
Directly held by the Company:									
Chongqing Xindongyuan	PRC/Chongqing, 24/9/2003	100,000/ 100,000	100%	100%	100%	100%	Property management services	Chongqing, China	Heilongjiang Weiheng
Shanghai Chengfang Property Service Co., Ltd.	PRC/Shanghai, 13/5/2015	3,000/ 3,000	100%	100%	100%	100%	Property management services	Shanghai, China	Heilongjiang Weiheng
Wuhan Fangcheng Real Estate Management Co., Ltd.	PRC/Hubei, 13/7/2017	-/ 1,000	100%	100%	100%	100%	Real estate marketing services	Hubei, China	N/A
Chongqing Chengfang Home Decoration Engineering Co., Ltd.	PRC/Chongqing, 12/4/2019	-/ 10,000	100%	100%	100%	100%	Decoration services	Chongqing, China	Heilongjiang Weiheng
Chongqing Dongwei Construction Engineering Consulting Co., Ltd.	PRC/Chongqing, 1/7/2019	500/ 10,000	100%	100%	100%	100%	Engineering Consulting services	Chongqing, China	N/A
Chongqing Zhonghang Shijia Real Estate Management Co., Ltd.	PRC/Chongqing, 12/3/2019	-/ 5,000	100%	100%	100%	100%	Real estate marketing services	Chongqing, China	Heilongjiang Weiheng
Shanghai Yuanji Culture Development Co., Ltd. *(a)*	PRC/Shanghai, 26/9/2017	1,000/ 10,000	100%	100%	100%	100%	Operation Services	Shanghai, China	Heilongjiang Weiheng
Chongqing Qicheng Information Technology Co., Ltd.	PRC/Chongqing, 11/3/2020	-/ 5,000	–	100%	100%	100%	Internet Information Service	Chongqing, China	N/A

(a) Shanghai Yuanji Culture Development Co., Ltd. ("Shanghai Yuanji") was established by Dongyuan Real Estate with a paid-in capital of RMB1,000,000 in 2018.

In December 2019, the Company acquired Shanghai Yuanji from Dongyuan Real Estate with a consideration of RMB1,000,000. The acquisition was regarded as a business combination under common control, where all assets and liabilities of Shanghai Yuanji were recorded at predecessor carrying amounts, as if Shanghai Yuanji had been consolidated from the date when it first established.

Entity name*	Country/Place and date of incorporation/ establishment	Paid up/ registered capital	Attributable equity interest of the Group 31 December 2019	2020	2021	As at the date of this report	Principal activities	Place of operations	Statutory auditors
		RMB'000							
In-directly held by the Company:									
Sichuan Xindongyuan Property Service Co., Ltd.	PRC/Sichuan, 12/5/2010	13,000/ 13,000	100%	100%	100%	100%	Property management services	Sichuan, China	Heilongjiang Weiheng
Chongqing Dongguihe Property Management Co., Ltd.	PRC/Chongqing, 20/10/2017	1,000/ 1,000	100%	100%	100%	100%	Property management services	Chongqing, China	Heilongjiang Weiheng
Mianyang Yuanzhu Real Estate Management Co., Ltd.	PRC/Sichuan, 18/12/2017	-/1,000	100%	100%	100%	100%	Real estate marketing services	Sichuan, China	Heilongjiang Weiheng
Chongqing Haoge Mechanical and Electrical Engineering Co., Ltd.	PRC/Chongqing, 6/7/2018	1,000/ 10,000	100%	100%	100%	100%	Construction services	Chongqing, China	Heilongjiang Weiheng
Zhejiang Dowell Wanhe Property Service Co., Ltd.	PRC/Zhejiang, 31/8/2018	50/ 10,000	51%	51%	51%	51%	Property management services	Zhejiang, China	N/A
Zhengzhou Donghe Property Management Co., Ltd.	PRC/Henan, 7/9/2018	-/3,000	70%	70%	70%	70%	Property management services	Henan, China	N/A
Chongqing Shengdu *(Note 33)*	PRC/Chongqing, 1/11/2006	30/30	100%	100%	100%	100%	Property management services	Chongqing, China	Heilongjiang Weiheng
Hubei Zhonghe *(Note 17)*	PRC/Hubei, 3/7/2017	-/3,000	100%	100%	100%	100%	Property management services	Hubei, China	N/A
Chengdu Xingyuanzhu Real Estate Management Co., Ltd.	PRC/Sichuan, 09/5/2019	-/1,000	100%	100%	100%	100%	Real estate marketing services	Sichuan, China	N/A
Pinxiang Dowell Hongtu Marketing Planning Co., Ltd.	PRC/Jiangxi, 12/3/2020	-/5,000	–	100%	100%	100%	Marketing Planning Services	Jiangxi, China	N/A
Nanchong Dowell Jiaye Property Service Co., Ltd.	PRC/Nanchong, 4/8/2020	1,000/ 1,000	–	–	65%	65%	Property management services	Nanchong, China	N/A
GSN *(Note 33)*	PRC/Shanghai, 27/5/1996	7,720/ 8,300	–	–	100%	100%	Property management services	Shanghai, China	N/A
Guangxi Shengkang *(Note 33)*	PRC/Guangxi, 13/5/2009	2,000/ 2,000	–	–	51%	51%	Hospital management services	Guangxi, China	N/A

* The English names of certain subsidiaries referred to above represent the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

21 FINANCIAL INSTRUMENTS BY CATEGORY

The Group

	As at 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000
Finance assets			
Financial assets at amortized cost			
– Trade and other receivables *(Note 22)*	446,642	271,758	417,860
– Dividends receivables *(Note 19)*	–	–	2,580
– Cash and cash equivalents *(Note 25)*	188,208	233,950	249,162
– Restricted cash *(Note 25)*	–	201	–
	634,850	505,909	669,602
Finance liabilities			
Financial liabilities at amortized cost			
– Borrowings *(Note 31)*	–	11,000	–
– Trade payables *(Note 30)*	91,558	134,629	180,793
– Accruals and other payables (excluding non-financial liabilities) *(Note 30)*	378,266	221,489	150,576
– Dividends payables *(Note 14)*	–	5,267	45,267
– Lease liabilities *(Note 18)*	6,159	18,117	10,374
	475,983	390,502	387,010
Financial liabilities at FVPL *(Note 33)*	–	6,000	6,000
	475,983	396,502	393,010

The Company

	As at 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000
Finance assets			
Financial assets at amortized cost			
– Trade and other receivables	18,823	14,463	17,911
– Amounts due from subsidiaries	38,006	66,118	189,617
– Dividends receivables *(Note 36(e))*	–	47,100	49,680
– Cash and cash equivalents *(Note 25)*	25,928	100,934	71,471
	82,757	228,615	328,679
Finance liabilities:			
Financial liabilities at amortized cost:			
– Trade payables *(Note 30)*	102	807	1,768
– Accruals and other payables (excluding non-financial liabilities) *(Note 30)*	1,172	848	3,233
– Amounts due to subsidiaries *(Note 36(d)(e))*	82,209	229,032	242,410
– Dividends payables *(Note 14)*	–	5,267	45,267
– Lease liabilities	–	6,811	2,291
	83,483	242,765	294,969

22 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Trade receivables due from related parties *(Note 36(d))*	69,918	131,287	215,347
Trade receivables due from third parties	46,729	117,592	188,237
	116,647	248,879	403,584
Less: provision for impairment of trade receivables	(4,325)	(7,237)	(10,710)
	112,322	241,642	392,874
Other receivables			
Other receivables due from related parties *(Note 36(d), (Note 36(d)(e)), 36(e))*	317,123	5,152	819
Other receivables due from third parties			
– Payments on behalf of property owners *(i)*	6,569	6,417	6,758
– Deposits	7,101	9,583	9,388
– Advances to employees	1,418	2,192	3,635
– Others	4,009	7,075	4,738
	336,220	30,419	25,338
Less: provision for impairment of other receivables	(1,900)	(303)	(352)
	334,320	30,116	24,986
	446,642	271,758	417,860

(i) As at 31 December 2019 and 2020 and 2021, the amounts represented the payments on behalf of property owners in respect utilities costs (mostly) of the properties.

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Trade receivables due from related parties *(Note 36(d))*	10,490	13,366	15,606
Trade receivables due from third parties	77	163	1,452
	10,567	13,529	17,058
Less: provision for impairment of trade receivables	(1)	(1)	(5)
	10,566	13,528	17,053

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
Other receivables due from related parties *(Note 36(d)(e))*	8,000	–	1
Other receivables due from third parties			
– Deposits	5	762	448
– Advances to employees	145	108	56
– Others	147	68	355
	8,297	938	860
Less: provision for impairment of other receivables	(40)	(3)	(2)
	8,257	935	858
	18,823	14,463	17,911

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	94,599	221,302	344,378
1 to 2 years	10,648	12,420	47,157
2 to 3 years	7,085	5,721	6,018
Over 3 years	4,315	9,436	6,031
	116,647	248,879	403,584

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	9,504	11,866	13,455
1 to 2 years	1,063	600	3,604
2 to 3 years	–	1,063	–
	10,567	13,529	17,059

The Group's trade and other receivables at respective balance sheet dates were denominated in RMB.

As at 31 December 2019, 2020 and 2021, the Group's maximum exposure to credit risk was the carrying value of each class of trade and other receivables mentioned above. The Group does not hold any other collateral as security.

As at 31 December 2019, 2020 and 2021, the fair values of short-term trade and other receivables approximated their carrying amounts due to their short-term maturities.

23 INVENTORIES

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Parking spaces	57,378	52,838	46,440
Consumables	1,305	1,251	5,947
	58,683	54,089	52,387
Less: provision for impairment of inventories	(564)	(564)	(564)
	58,119	53,525	51,823

24 PREPAYMENTS

The Group

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to third parties			
– Prepaid listing expenses	–	4,925	21,520
– Prepaid other tax	1,695	2,142	7,841
– Prepaid utility expenses	1,020	1,118	3,579
– Prepaid other operating expenses	1,170	4,487	12,312
	3,885	12,672	45,252
Less: non-current portion of prepayments	–	(1,669)	(2,562)
	3,885	11,003	42,690

The Company

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to third parties			
– Prepaid listing expenses	–	4,322	21,520
– Prepaid other tax	–	85	–
Less: non-current portion of prepayments	–	–	1,526
	–	4,407	23,046

25 CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	188,158	233,978	249,011
Cash on hand	50	173	151
Less: restricted cash	–	(201)	–
	188,208	233,950	249,162

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	25,928	100,934	71,471

Cash and cash equivalents of the Group were denominated in RMB.

As at 31 December 2019, 2020 and 2021, the Group's maximum exposure to credit risk was the carrying value of cash at banks mentioned above.

26 SHARE CAPITAL AND PAID-IN CAPITAL

The Group and the Company

	Number of ordinary shares	**Paid-in capital**	**Share capital**
		RMB'000	*RMB'000*
As at 1 January 2019	N/A	10,000	–
Capital contribution from the shareholders *(a)*	N/A	9,995	–
As at 31 December 2019	N/A	19,995	–
Issue of shares upon the Company's conversion from a limited liability company into a joint stock company *(b)*	50,000,000	(19,995)	50,000
As at 31 December 2020 and 2021	50,000,000	–	50,000

(a) On 26 December 2019, the Company entered into a non-cancellable capital increase framework contract with Dongyuan Real Estate, Chongqing Dima Ruisheng Co. Ltd. ("Dima Ruisheng", a wholly-owned subsidiary of Dima Holdings), and Tianjin Shengyihe Enterprise Management Consulting Partnership ("Tianjin Shengyihe Partnership", owned by a group of staff of the Group for the Pre-IPO share award scheme (Note 29)). Pursuant to the framework contract, Dongyuan Real Estate, Tianjin Shengyihe Partnership and Dima Ruisheng (through its subsidiary Tianjin Chengfang), committed to contribute capital of RMB200,000, RMB1,994,700 and RMB7,800,000, respectively to the Company. The committed unpaid capital contribution as at 31 December 2019 was accounted for as an increase in equity with a corresponding receivable. The capital contribution by Tianjin Shengyihe Partnership, Dongyuan Real Estate and Tianjin Chengfang was completed on 2 January 2020, 12 February 2020 and 23 April 2020, respectively.

(b) On 13 December 2020, the Company was converted from a limited liability company into a joint stock company with limited liability. In this connection, the Company issued 50,000,000 shares with a nominal value of RMB1 each to the four then existing shareholders at their original respective shareholding proportion. The difference between the determined net asset value for the conversion (RMB52,834,000) and the share capital was recognized as capital reserve of the Company (Note 27).

27 RESERVES

The Group	**Merge reserves *(a)***	**Statutory reserves *(b)***	**Share-based payments**	**Capital reserve**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	51,530	8,637	–	1,426	61,593
Employee share scheme – Value of employee service *(Note 29)*	–	–	23,534	–	23,534
Exercise of shares under employee share scheme	–	–	(23,534)	23,534	–
Consideration paid for business combination under common control *(Note 20(a))*	(1,000)	–	–	–	(1,000)
Appropriation to statutory reserves *(Note 28)*	–	1,669	–	–	1,669
At 31 December 2019	50,530	10,306	–	24,960	85,796
At 1 January 2020	50,530	10,306	–	24,960	85,796
Employee share option scheme – Value of employee service *(Note 29)*	–	–	1,461	–	1,461
Conversion into a joint stock company *(Note 26)*	(3,298)	(5,000)	(550)	(21,689)	(30,537)
Appropriation to statutory reserves *(Note 28)*	–	9,622	–	–	9,622
At 31 December 2020	47,232	14,928	911	3,271	66,342
At 1 January 2021	47,232	14,928	911	3,271	66,342
Employee share option scheme – Value of employee service *(Note 29)*	–	–	1,667	–	1,667
Appropriation to statutory reserves *(Note 28)*	–	17,683	–	–	17,683
At 31 December 2021	47,232	32,611	2,578	3,271	85,692

The Company	Statutory reserves *(b)* *RMB'000*	Share-based payments *RMB'000*	Capital reserve *RMB'000*	Other reserve *RMB'000*	Total *RMB'000*
At 1 January 2019	5,000	–	989	3,298	9,287
Employee share scheme					
– Value of employee service *(Note 29)*	–	23,534	–	–	23,534
Exercise of shares under employee share scheme	–	(23,534)	23,534	–	–
At 31 December 2019	5,000	–	24,523	3,298	32,821
At 1 January 2020	5,000	–	24,523	3,298	32,821
Employee share scheme					
– Value of employee service	–	1,219	–	–	1,219
Conversion into a joint stock company *(Note 26)*	(5,000)	(550)	(21,689)	(3,298)	(30,537)
Appropriation to statutory reserves *(Note 28)*	5,216	–	–	–	5,216
At 31 December 2020	5,216	669	2,834	–	8,719
At 1 January 2021	5,216	669	2,834	–	8,719
Employee share scheme					
– Value of employee service	–	1,516	–	–	1,516
Appropriation to statutory reserves *(Note 28)*	5,638	–	–	–	5,638
At 31 December 2021	10,854	2,185	2,834	–	15,873

(a) The merge reserves represent the difference for the original paid-in capital contributed to the purchase consideration paid for business combinations under common control.

(b) In accordance with relevant rules and regulations in the PRC, the PRC Group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective Group entities.

28 RETAINED EARNINGS

The Group

	Year ended 31 December		
	2019 *RMB'000*	**2020** *RMB'000*	**2021** *RMB'000*
Opening balance	(4,329)	19,669	42,493
Profit for the year	25,667	84,714	128,720
Appropriation to statutory reserves *(Note 27)*	(1,669)	(9,622)	(17,683)
Conversion into a joint stock company	–	532	–
Dividends distribution to the shareholders *(Note 14)*	–	(52,800)	(40,000)
Closing balance	19,669	42,493	113,530

The Company

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	9,727	5,674	350
Profit/(loss) for the year	(4,053)	52,160	90,812
Appropriation to statutory reserves *(Note 27)*	–	(5,216)	(5,638)
Conversion into a joint stock company	–	532	–
Dividends distribution to the shareholders *(Note 14)*	–	(52,800)	(40,000)
Closing balance	5,674	350	45,524

29 SHARE-BASED PAYMENTS

(a) Dima Holdings restricted shares and share options schemes

On 29 March 2019 and 24 August 2020, Dima Holdings announced two share option and restricted-share schemes, under which Dima Holdings granted 300,000 share options to the certain employees of the Group and a total of 3,300,000 RSUs to the certain employees of the Group, including directors and senior executives, respectively. The Group received services from the employees as consideration for equity instruments of Dima Holdings. According to the scheme, the share options and RSUs are exercisable during the following periods, during which Dima Holdings and it subsidiaries ("Group") should fulfill the target increase rate of net profit ratio and the employees should also fulfill their personal KPI targets:

(i) 50% on the dates during 12 months and 24 months after the grant dates;

(ii) 50% on the dates during 24 months and 36 months after the grant dates.

The total fair value of the share options as at the grant date determined by using Black-Scholes model is approximately RMB255,000. The total fair value of the RSUs granted as at the grant date determined based on the stock price is approximately RMB5,181,000.

The share-based payment expenses charged to the consolidated statement of comprehensive income during the year ended 31 December 2020 for such share options and RSU were approximately RMB117,000 and RMB1,344,000, respectively.

The share-based payment expenses charged to the consolidated statement of comprehensive income during the year ended 31 December 2021 for RSU were approximately RMB1,667,000.

(b) Pre-IPO share award scheme

Pursuant to the Pre-IPO share award scheme announced in December 2019, certain directors and employees of the Group ("Grantees") were awarded the entire equity interest of Tianjin Shengyihe Partnership, which was established for the purpose of holding the Company's shares pursuant to the capital increase framework contract (Note 26(a)).

The fair value of the share award was determined by using the discounted cash flow ("DCF") method under income approach, granted under the share award scheme as at the grant date at approximately RMB25,529,000. The key inputs used in the valuation model were listed as below:

Compound annual growth rate of revenue during the period	11.88%
Gross margin (% of revenue)	20.93%
Post-tax discount rate *(i)*	12.81%

(i) As the post-tax discount rate is on a real basis, perpetual long-term growth rate is not considered to be relevant.

There was no vesting condition attached to the shares granted. Therefore, the amount of RMB23,534,000 representing the fair value of the shares (RMB25,529,000) less the cash consideration paid (RMB1,995,000) by the employees was recorded as share-based payment expenses immediately in the consolidated statement of comprehensive income for the year ended 31 December 2019.

30 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
Trade payables due to related parties *(Note 36(d))*	50,204	31,336	2,884
Trade payables due to third parties			
– Payables for labor costs	29,752	62,079	139,885
– Payables for construction costs	572	21,690	24,128
– Payables for consumables	11,030	19,524	13,896
	91,558	134,629	180,793
Less: non-current trade payable due to related parties *(Note 36(d)(ii))*	(29,080)	–	–
	62,478	134,629	180,793
Accruals and other payables			
Other payables due to related parties *(Note 36(d), (Note 36(d)(e)), 36(e))*	272,494	10,594	7,924
Accruals and other payables due to third parties			
– Outstanding cash consideration payable for business combinations *(Note 33)*	480	80,021	8,943
– Employee benefit payables	54,356	69,799	77,779
– Deposits	37,117	43,606	49,410
– Temporary receipts from property owners	32,014	26,552	30,719
– Other taxes payables	11,965	16,220	26,287
– Dividend payable to the original shareholders of the acquired subsidiaries	–	13,284	5,515
– Cash collected on behalf of property owners	27,145	38,111	41,135
– Accrued operating expenses	8,398	8,174	6,460
– Interest payables	–	25	–
– Others	618	1,122	470
	444,587	307,508	254,642

As at 31 December 2019, 2020 and 2021, the ageing analysis of the trade payables of the Group based on invoice date was as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	41,796	100,720	161,345
1 to 2 years	49,762	4,682	18,314
2 to 3 years	–	28,304	932
Above 3 years	–	923	202
	91,558	134,629	180,793

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
Trade payables due to related parties *(Note 36(d))*	–	–	28
Trade payables due to third parties			
– Payables for labor costs	102	807	1,740
	102	807	1,768
Accruals and other payables			
Other payables due to related parties	1,000	–	–
Accruals and other payables due to third parties			
– Temporary receipts from property owners	67	153	1,668
– Employee benefit payables	9,297	10,621	10,440
– Accrued operating expenses	60	650	1,100
– Other taxes payables	1,997	1,471	3,343
– Deposits	45	45	465
	12,466	12,940	17,016

31 BORROWINGS

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
– Secured bank borrowings	–	11,000	–

As at 31 December 2020, bank borrowings of RMB11,000,000 were secured by guarantees provided by Dima Holdings. The bank borrowings were early repaid in 2021.

The weighted average effective interest rates (per annum) were as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
Bank borrowings	6.85%	5.50%	5.50%

The maturity date of the borrowings was analyzed as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	–	11,000	–
1 to 2 years	–	–	–
2 to 5 years	–	–	–
	–	11,000	–

As at 31 December 2020, the carrying amounts for the current borrowings approximated their fair values because of their short-term maturities.

As at 31 December 2020, the Group's bank borrowings were denominated in RMB.

32 DEFERRED INCOME TAX ASSETS AND LIABILITIES

The analysis of deferred income tax assets and liabilities as follows:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets:			
– to be recovered by more than 12 months	9,934	9,070	8,177
– to be recovered within 12 months	3,065	2,563	1,760
Net-off with deferred tax liability	(858)	(1,200)	(1,501)
	12,141	10,433	8,436
Deferred income tax liabilities:			
– to be recovered by more than 12 months	(1,208)	(10,102)	(9,363)
– to be recovered within 12 months	–	(1,133)	(1,180)
Net-off with deferred tax asset	858	1,200	1,501
	(350)	(10,035)	(9,042)

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets:			
– to be recovered by more than 12 months	9,351	6,029	6,490
– to be recovered within 12 months	40	3,617	–
Net-off with deferred tax liability	–	(56)	(25)
	9,391	9,590	6,465
Deferred income tax liabilities:			
– to be recovered by more than 12 months	–	(56)	(25)
Net-off with deferred tax asset	–	56	25
	–	–	–

The net movement in deferred income tax assets and liabilities are as follows:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	10,608	11,791	398
Credited/(charged) to the consolidated statements of comprehensive income *(Note 12)*	1,183	(1,991)	(1,004)
Business combinations *(Note 33)*	–	(9,402)	–
At end of the year	11,791	398	(606)

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	6,286	9,391	9,590
Credited/(charged) to the consolidated statements of comprehensive income	3,105	199	(3,125)
At end of the year	9,391	9,590	6,465

Deferred income tax assets

The Group

	Share-based payments	**Tax losses**	**Impairment losses**	**Leases**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	–	8,722	1,931	17	10,670
Credited/(charged) to the consolidated statement of comprehensive income	5,852	(2,884)	(648)	9	2,329
At 31 December 2019	5,852	5,838	1,283	26	12,999
At 1 January 2020	5,852	5,838	1,283	26	12,999
Business combinations *(Note 33)*	–	–	–	23	23
Credited/(charged) to the consolidated statement of comprehensive income	333	(1,894)	216	(44)	(1,389)
At 31 December 2020	6,185	3,944	1,499	5	11,633
At 1 January 2021	6,185	3,944	1,499	5	11,633
Credited/(charged) to the consolidated statement of comprehensive income	430	(2,702)	556	20	(1,696)
At 30 September 2021	6,615	1,242	2,055	25	9,937

The Company

	Share-based payments *RMB'000*	Tax losses *RMB'000*	Impairment losses *RMB'000*	Leases *RMB'000*	Total *RMB'000*
At 1 January 2019	–	5,928	358	–	6,286
Credited/(charged) to the consolidated statement of comprehensive income	5,724	(2,271)	(348)	–	3,105
At 31 December 2019	5,724	3,657	10	–	9,391
At 1 January 2020	5,724	3,657	10	–	9,391
Credited/(charged) to the consolidated statement of comprehensive income	305	(40)	(10)	–	255
At 31 December 2020	6,029	3,617	–	–	9,646
At 1 January 2021	6,029	3,617	–	–	9,646
Credited/(charged) to the consolidated statement of comprehensive income	446	(3,615)	–	13	(3,156)
At 31 December 2021	6,475	2	–	13	6,490

The Group

Deferred income tax liabilities	Accelerated tax depreciation *RMB'000*	Intangible assets *RMB'000*	Leases *RMB'000*	Total *RMB'000*
At 1 January 2019	(62)	–	–	(62)
Charged to the consolidated statement of comprehensive income	(1,146)	–	–	(1,146)
At 31 December 2019	(1,208)	–	–	(1,208)
At 1 January 2020	(1,208)	–	–	(1,208)
Charged to the consolidated statement of comprehensive income	(602)	–	–	(602)
Business combinations *(Note 33)*	–	(9,425)	–	(9,425)
At 31 December 2020	(1,810)	(9,425)	–	(11,235)
At 1 January 2021	(1,810)	(9,425)	–	(11,235)
Credited/(charged) to the consolidated statement of comprehensive income	(447)	1,211	(72)	692
At 31 December 2021	(2,257)	(8,214)	(72)	(10,543)

The Company

	Accelerated tax depreciation *RMB'000*	Leases *RMB'000*	Total *RMB'000*
At 1 January 2020	–	–	–
Charged to the consolidated statement of comprehensive income	(28)	(28)	(56)
At 31 December 2020	(28)	(28)	(56)
At 1 January 2021	(28)	(28)	(56)
Credited to the consolidated statement of comprehensive income	3	28	31
At 31 December 2021	(25)	–	(25)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. At 31 December 2019, 2020 and 2021, there was no unrecognized deferred income tax.

33 BUSINESS COMBINATIONS

(a) Chongqing Shengdu

On 20 June 2019, the Group acquired 100% of the share capital of Chongqing Shengdu with a total consideration of RMB1,200,000 and obtained the control of Chongqing Shengdu, a property management service providing company located in Chongqing.

Total identifiable net assets of Chongqing Shengdu amounted to RMB169,000. As a result of the acquisition, a goodwill of RMB1,031,000 is recognized on the consolidated balance sheets as at the acquisition date.

The following table summarizes the consideration paid for Chongqing Shengdu, the fair value of assets acquired, and the liabilities assumed at the acquisition date.

	At 20 June 2019 *RMB'000*
Cash	1,200
Total consideration	1,200
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	242
Trade and other receivables	345
Intangible assets	2
Trade and other payables	(420)
Total identifiable net assets	169
Goodwill *(Note 17)*	1,031

The revenue and profit included in the consolidated statements of comprehensive income since 20 June 2019 contributed by Chongqing Shengdu were RMB1,715,000 and RMB116,000, respectively, for the year ended 31 December 2019.

Had Chongqing Shengdu been consolidated from 1 January 2019, the consolidated statements of comprehensive income would show pro-forma revenue of RMB566,422,000 and profit of RMB31,573,000 respectively.

(b) GSN

On 28 December 2020, the Group acquired 100% of the share capital of GSN with a total consideration of RMB88,935,000 and obtained the control of GSN, a property management service company located in Shanghai.

Total identifiable net assets of GSN amounted to RMB26,662,000. As a result of the acquisition, a goodwill of RMB62,273,000 is recognized on the consolidated balance sheets as at the acquisition date.

The following table summarizes the consideration paid for GSN, the fair value of assets acquired, and the liabilities assumed at the acquisition date.

	At 28 December 2020
	RMB'000
Cash	88,935
Total consideration	88,935
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	8,563
Restricted cash	201
Trade and other receivables	30,540
Inventories	6
Prepayments	585
Property, plant and equipment *(Note 15)*	1,936
Right of use asset	2,232
Intangible assets *(Note 17)*	24,700
Deferred tax assets	23
Trade and other payables	(32,487)
Contract liabilities	(194)
Lease liabilities short-term	(688)
Current income tax liability	(942)
Lease liabilities long-term	(1,638)
Deferred tax liabilities	(6,175)
Total identifiable net assets	26,662
Goodwill *(Note 17)*	62,273

The Group elected to recognize the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 2.3 for the Group's accounting policies for business combinations.

There was no revenue and profit contribution to the consolidated statements of comprehensive income of the Group for the year ended 31 December 2020 as GSN was acquired at 28 December 2020.

Had GSN been consolidated from 1 January 2020, the consolidated statements of comprehensive income would show pro-forma revenue of RMB897,963,000 and profit of RMB85,814,000 respectively.

(c) Guangxi Shengkang

On 30 December 2020, the Group acquired 51% of the share capital of Guangxi Shengkang (formally known as "Guilin Shengkang Health Management Company Limited") with a total consideration of RMB20,000,000 (including contingent consideration of RMB6,000,000), and obtained the control of Guangxi Shengkang, a health management service company located in Guangxi.

Total identifiable net assets of Guangxi Shengkang amounted to RMB12,891,000 with non-controlling interests of 6,316,000. As a result of the acquisition, a goodwill of RMB13,425,000 is recognized in the consolidated balance sheets as at the acquisition date.

The following table summarizes the consideration paid for Guangxi Shengkang, the fair value of assets acquired, and the liabilities assumed at the acquisition date.

	At 31 December 2020
	RMB'000
Cash	14,000
Contingent consideration	6,000
Total consideration	20,000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,329
Trade and other receivables	8,131
Prepayments	89
Property, plant and equipment *(Note 15)*	271
Right-of-use assets	113
Intangible assets *(Note 17)*	13,001
Other long-term assets	811
Trade and other payables	(7,383)
Contract liabilities	(103)
Lease liabilities short-term	(118)
Deferred tax liabilities	(3,250)
Total identifiable net assets	12,891
Less: non-controlling interests	(6,316)
Net assets acquired	6,575
Goodwill *(Note 17)*	13,425

The Group elected to recognize the non-controlling interests in Guangxi Shengkang at its proportionate share of the acquired net identifiable assets.

In the event that certain pre-determined profit target is not achieved by Guangxi Shengkang, certain consideration to be paid by the Group will be reduced according to pre-determined formula stated in the agreement. The fair value of the contingent consideration payable was estimated by calculating the future expected cash flows and various level of possibilities.

The potential undiscounted consideration amount payable under the agreement would range from RMB0 to RMB6,000,000 depending on the actual aggregate net profit for the four years ending 31 December 2024. The estimation is based on the estimated aggregate net profit of Guangxi Shengkang for the four years ending 31 December 2024. As at 31 December 2021, there is no material change in the estimated considerable payable since the date of acquisition based on the management's assessment on the estimated profit of Guangxi Shengkang for the four years ending 31 December 2024.

There was no revenue and profit contribution to the consolidated statements of comprehensive income of the Group for the year ended 31 December 2020 as Guangxi Shengkang was acquired at 30 December 2020.

Had Guangxi Shengkang been consolidated from 1 January 2020, the consolidated statements of comprehensive income would show pro-forma revenue of RMB799,696,000 and profit of RMB86,546,000.

(d) Net cash inflows arising on the acquisition transactions

	Chongqing Shengdu *RMB'000*
Year ended 31 December 2019	
Total cash consideration	1,200
Less: cash consideration payable *(Note 30)*	(480)
Cash consideration paid during the year	720
Less: cash and cash equivalents in the subsidiaries acquired	(242)
Net cash inflow during the year	478

	GSN *RMB'000*	**Guangxi Shengkang** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2020			
Total cash consideration	88,935	14,000	102,935
Less: cash consideration payable *(Note 30) (i)*	(74,021)	(6,000)	(80,021)
Cash consideration paid during the year	14,914	8,000	22,914
Less: cash and cash equivalents in the subsidiaries acquired	(8,563)	(1,329)	(9,892)
Less: restricted cash in the subsidiaries acquired	(201)	–	(201)
Net cash outflow during the year	6,150	6,671	12,821

	GSN *RMB'000*	**Guangxi Shengkang** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2021			
Total cash consideration payable as at 1 January 2021	(74,021)	(6,000)	(80,021)
Less: cash consideration payable as at 31 December 2021 *(Note 30)*	(2,943)	(6,000)	(8,943)
Cash consideration paid during the year	71,078	–	71,078
Net cash outflow during the year	71,078	–	71,078

34 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December 2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	31,505	98,690	154,039
Adjustments for:			
– Depreciation of property and equipment *(Note 15)*	1,846	3,021	6,229
– Depreciation of investment properties *(Note 16)*	178	337	98
– Amortization of intangible assets *(Notes 17)*	67	291	5,545
– Depreciation of right-of-use assets *(Note 18)*	1,597	3,597	5,376
– Loss on disposal of property, plant and equipment *(Note 10)*	97	110	372
– Gains on disposal of investment properties *(Note 10)*	–	–	(133)
– Losses on disposal of right-of-use assets *(Note 10)*	–	–	76
– Provision/(reversal of provision) for impairment of trade receivables *(Note 3.1)*	(1,567)	2,912	3,473
– (Reversal of provision)/provision for impairment of other receivables *(Note 3.1)*	(1,646)	(1,597)	49
– Interest income from loan to related parties *(Note 11)*	(12,531)	–	–
– Interest expense on bank borrowings *(Note 11)*	12,531	250	351
– Interest expense on lease liabilities *(Note 18)*	216	406	682
– Fair value gains on financial assets at FVPL *(Note 10)*	(43)	–	–
– Share of results of investment in joint ventures and associates *(Note 19)*	(5,521)	(5,717)	(7,162)
– Share-based payments *(Note 29)*	23,534	1,461	1,667
Operating profit before changes in working capital:	50,263	103,761	170,662
Changes in working capital			
– Trade receivables	110,728	(109,388)	(143,356)
– Prepayments and other receivables	(15,857)	233,924	(16,119)
– Inventories	12,787	4,600	1,702
– Trade payables	27,688	34,268	46,164
– Accruals and other payables	75,043	40,536	103,311
Cash generated from operations	260,652	307,701	162,364

(b) Reconciliation of liabilities arising from financing activities

	Restricted cash	Bank borrowings	Amounts due to related parties	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	(61,214)	266,000	432,256	3,149	640,191
Cash flows					
– Inflow from financing activities	61,214	–	534,687	–	595,901
– Outflows from financing activities	–	(266,000)	(716,468)	(1,883)	(984,351)
Non-cash changes					
– Addition of lease liabilities	–	–	–	4,677	4,677
– Accrued interest expenses	–	–	13,240	216	13,456
As at 31 December 2019	–	–	263,715	6,159	269,874

	Distribution to shareholder	Bank borrowings	Amounts due to related parties	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2020	–	–	263,715	6,159	269,874
Cash flows					
– Inflow from financing activities	–	11,000	944,586	–	955,586
– Outflows from financing activities	(1,000)	(275)	(1,202,966)	(4,526)	(1,208,767)
Non-cash changes					
– Addition of lease liabilities	–	–	–	16,078	16,078
– Accrued interest expenses	–	275	–	406	681
As of 31 December 2020	(1,000)	11,000	5,335	18,117	33,452

	Distribution to shareholder	Bank borrowings	Amounts due to related parties	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2021	(1,000)	11,000	5,335	18,117	33,452
Cash flows					
– Inflow from financing activities	–	–	45,224	–	45,224
– Outflows from financing activities	–	(11,351)	(50,196)	(6,697)	(68,244)
Non-cash changes					
– Early termination	–	–	–	(1,728)	(1,728)
– Accrued interest expenses	–	351	–	682	1,033
As of 31 December 2021	(1,000)	–	363	10,374	9,737

35 OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments related to short term leases or leases of low-valued assets under non-cancellable operating leases are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	3,411	4,122	8,498
Later than 1 year and no later than 5 years	–	–	30
	3,411	4,122	8,528

36 RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

The following companies and individuals are related parties of the Group that had balances and/or transactions with the Group for the Track Record Period.

Name of related parties	Relationship with the Group
Dima Group	Ultimate holding company and its subsidiaries
Tianjing Shengyihe Partnership	Non-controlling shareholder of the Company
Chengdu Dexin Dongyi Real Estate Co., Ltd.	Associate of Dima Holdings
Chengdu Dongyuan Zhifang Real Estate Co., Ltd.	Associate of Dima Holdings
Chengdu Jintong Real Estate Co., Ltd.	Associate of Dima Holdings
Chengdu Jiulian Dongyuan City Management Services Co., Ltd.	Associate of Dima Holdings
Chengdu Wangpu Licheng Real Estate Development Co., Ltd.	Associate of Dima Holdings
Chengdu Yifeng Tianche Real Estate Co., Ltd.	Associate of Dima Holdings
Chengdu Yifeng Tiancheng real estate Co., Ltd.	Associate of Dima Holdings
Chengdu Zhifang Real Estate Co., Ltd.	Associate of Dima Holdings
Chongqing Dongbo Zhihe Real Estate Development Co., Ltd.	Associate of Dima Holdings
Chongqing Dongyinyuan Real Estate Development Co., Ltd.	Associate of Dima Holdings
Chongqing dongyujin Real Estate Development Co., Ltd.	Associate of Dima Holdings
Chongqing Lidong Integrated Real Estate Development Co., Ltd.	Associate of Dima Holdings
Chongqing Nan'an District biheyuan Real Estate Development Co., Ltd.	Associate of Dima Holdings
Chongqing Rongchuang Dongli Real Estate Development Co., Ltd.	Associate of Dima Holdings
Chongqing Shengdong Junhe Real Estate Development Co., Ltd.	Associate of Dima Holdings
Chongqing Shengzi Real Estate Development Co., Ltd.	Associate of Dima Holdings
Chongqing Zhiyuan Chengfang Real Estate Development Co., Ltd.	Associate of Dima Holdings
Hangzhou Linsheng Real Estate Co., Ltd.	Associate of Dima Holdings
Hangzhou Nanguang Real Estate Co., Ltd.	Associate of Dima Holdings
Henan Rongtian Real Estate Development Co., Ltd.	Associate of Dima Holdings
Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd.	Associate of Dima Holdings
Shanghai Lizhi Real Estate Development Co., Ltd.	Associate of Dima Holdings
Suzhou binyuan Real Estate Development Co., Ltd.	Associate of Dima Holdings
Suzhou Dongli Real Estate Development Co., Ltd.	Associate of Dima Holdings
Suzhou Ruisheng Real Estate Development Co., Ltd.	Associate of Dima Holdings
Xi'an Dongyuan Aohui Property Services Co., Ltd.	Associate of Dima Holdings
Xi'an Shiyuan Shenchuan Real Estate Co., Ltd.	Associate of Dima Holdings
Chongzhou Zhongye Ruixing Real Estate Development Co., Ltd.	Joint venture of Dima Holdings
Nanjing Junyuan Real Estate Development Co., Ltd.	Joint venture of Dima Holdings
Sichuan Shuangma Mianyang New Material Co., Ltd.	Joint venture of Dima Holdings
Mianyang Ruisheng	Joint venture of the Group
Xuyuan Tiancheng	Joint venture of the Group
Hangzhou Ruicheng Real Estate Co., Ltd.	Subsidiary/associate of Dima Holdings *(i)*
Chongqing Baoxu Commercial Management Co., Ltd.	Other related party *(ii)*
Chongqing Dongjin Commercial Management Co., Ltd.	Other related party *(ii)*
Jiangsu Jiangdong Diesel Engine Manufacturing Co., Ltd.	Other related party *(ii)*
Jiangsu Jiangdong Group Import & Export Co., Ltd.	Other related party *(ii)*
Jiangsu Jianghuai Power Co., Ltd.	Other related party *(ii)*
Jiangsu Nonghua Wisdom Agricultural Technology Co., Ltd.	Other related party *(ii)*

(i) The company was originally a subsidiary of Dima Holdings and became the associate of Dima Holdings in June 2020.

(ii) These companies are ultimately controlled by Chongqing Dongyin Holding Group Co., Ltd. which is a substantial shareholder of Dima Holdings.

(b) Significant transactions with related parties

Other than those related party transactions as disclosed in Note 29 and Note 31 in this accountant's report, during the Track Record Period, the Group had the following other significant transactions with related parties.

(i) Related party transaction that will continue after the listing of the Company:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Property management services			
– Dima Group	15,037	28,486	35,525
– Joint ventures and associates of Dima Holdings	1,628	5,981	5,763
– Other related parties	224	3,027	2,188
	16,889	37,494	43,476
Value-added services to non-property owners			
On-site sales assistance services			
– Dima Group	46,005	58,640	75,023
– Joint ventures and associates of Dima Holdings	19,357	15,227	15,926
– Joint ventures of the Group	398	2,232	2,800
	65,760	76,099	93,749
Preliminary sales and delivery assistance services and pre-delivery consultancy and inspection services			
– Dima Group	20,018	27,637	24,939
– Joint ventures and associates of Dima Holdings	7,619	8,941	4,203
– Joint ventures of the Group	131	–	300
	27,768	36,578	29,442
Other value-added services to non-property owners			
– Dima Group	22,578	69,572	82,132
– Joint ventures and associates of Dima Holdings	5,034	7,363	10,272
– Joint ventures of the Group	996	3,630	1,503
– Other related parties	–	1,089	700
	28,608	81,654	94,607
Community value-added services			
Agency services for sale of car parking spaces and properties			
– Dima Group	42,633	56,585	65,192
– Joint ventures and associates of Dima Holdings	7	187	1,458
– Joint ventures and associates of the Group	–	–	786
	42,640	56,772	67,436
Car park management services			
– Dima Group	14,063	15,162	22,437
– Joint ventures and associates of Dima Holdings	289	969	1,580
– Other related party	–	–	1,904
	14,352	16,131	25,921
Community events planning services			
– Dima Group	11,100	10,431	17,436
– Joint ventures and associates of Dima Holdings	3,940	2,324	2,816
– Other related party	–	–	42
	15,040	12,755	20,294

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(ii) Related party transactions that will not continue after the listing of the Company:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Advances to			
– Dima Group	327,529	66,557	155,270
Advances from			
– Dima Group	534,687	944,586	45,224
Repayments of advances to			
– Dima Group	655,803	126,285	160,270
Repayments of advances from			
– Dima Group	703,228	1,202,966	50,196
Interest income *(Note 11)*			
– Dima Group	12,531	–	–
Rental fee for office buildings paid by *(i)*			
– Dima Group	2,272	2,014	–
Purchase of car parking spaces			
– Dima Group	547	–	–

(i) The Group has leasehold office buildings for own use. Before 2019, Dima Group entered into lease contracts with the owners of the buildings for the use of the Group, free of charge. The total rental fee paid by Dima Group during the years ended 31 December 2019 and 2020 was RMB2,272,000 and RMB2,014,000, respectively. In November 2020, the Group entered into lease contracts with the owners of the buildings with a total annual leasing fee of RMB3,357,000. Since then, Dima Group ceased to bear rental fee for the Group, free of charge.

(c) Key management compensation

Key management compensation for the Track Record Period, other than those relating to the emoluments of directors and supervisors being disclosed in Note 37, are set out below:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	1,065	1,095	1,147
Social insurance expenses and housing benefits	47	50	61
Share-based payments	8,566	–	–
	9,678	1,145	1,208

(d) Balances with related parties – trade

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivable *(Note 22)*			
– Dima Group	58,538	111,837	177,577
– Joint ventures and associates of Dima Holdings	9,309	18,980	35,279
– Joint ventures of the Group	2,071	359	2,213
– Other related parties	–	111	278
	69,918	131,287	215,347
Contract assets			
– Dima Group	–	9,948	1,301
Other receivables *(Note 22)*			
– Dima Group *(i)*	251,720	63	323
– Joint ventures and associates of Dima Holdings	1,030	88	112
– Joint ventures of the Group	–	–	288
– Other related parties	30	–	95
	252,780	151	818
Contract liabilities			
– Dima Group	4,561	4,796	2,879
– Joint ventures and associates of Dima Holdings	548	571	693
	5,109	5,367	3,572
Trade payables *(Note 30)*			
– Dima Group *(ii)*	50,204	31,336	2,759
– Joint ventures of the Group	–	–	125
	50,204	31,336	2,884
Other payables *(Note 30)*			
– Dima Group	8,534	5,259	7,491
– Joint ventures and associates of Dima Holdings	245	–	70
	8,779	5,259	7,561

(i) Other receivables due from Dima Group included refundable deposits paid to Dima Group for providing agent services for sales of parking spaces and properties. As of 31 December 2019, the balances for the deposits were RMB231,888,000. As of 31 December 2020, the remaining deposits were refunded by Dima Group and not required to be paid by the Group for its future agency services.

(ii) Trade payables mainly represented the payables for purchases of car parking spaces from Dima Group which were due for payment by installments within 3 years. As at April 2021, the last payment of RMB28,288,000 was settled.

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivable *(Note 22)*			
– Dima Group	9,981	11,298	10,208
– Joint ventures and associates of Dima Holdings	509	2,068	5,398
	10,490	13,366	15,606
Amounts due from subsidiaries	21,864	34,664	80,126
Other receivables *(Note 22)*			
– Dima Group	8,000	–	–
Contract liabilities			
– Dima Group	3,887	4,097	3,047
– Joint ventures and associates of Dima Holdings	419	1,059	755
	4,306	5,156	3,802
Trade payables *(Note 30)*			
– Dima Group	102	807	28
Amounts due to subsidiaries	11,176	11,924	352

(e) Balances with related parties – non-trade

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Other receivables *(Note 22)*			
– Dima Group	64,343	5,001	1
Other payables *(Note 30)*			
– Dima Group	263,715	5,335	363
Dividends receivables			
– Joint venture of the Group *(i)*	–	–	2,580
Dividends payables *(Note 14)*			
– Dima Group	–	–	20,416
– Shareholder of the Company *(ii)*	–	5,267	9,659
	–	5,267	30,075

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from subsidiaries	16,142	31,454	109,491
Other receivables *(Note 22)*			
– Dima Group	–	–	1
Amounts due to subsidiaries	71,033	217,108	242,058
Other payables *(Note 30)*			
– Dima Group	1,000	–	–
Dividends receivables	–	47,100	49,680
Dividends payables *(Note 14)*			
– Dima Group	–	–	20,416
– Shareholder of the Company *(ii)*	–	5,267	9,259
	–	5,267	29,675

(i) The dividends receivables of the Company represented the unpaid dividend distributed from the joint venture of the Group as at 31 December 2021.

(ii) The dividends payables represented the unpaid dividend distributed to Tianjin Shengyihe Partnership, owned by certain employee of the Group (Note 29(b)), among which, total amount of RMB4,736,000 and RMB3,992,000 were distributed to one director and one senior executive of the Group in 2020 and 2021 respectively.

As at 31 December 2019, 2020 and 2021, the remaining other receivables were unsecured and interest-free.

Other payables due to related parties were unsecured, interest-free and repayable on demand.

All non-trade balances will be settled prior to the listing.

37 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

As the date of the report, the following directors and supervisors were appointed:

Executive Directors
Mr. Heng Qingda *(Note (a)(i))*
Mr. Fan Dong *(Note (a)(i))*

Non-executive Directors
Ms. Yi Lin *(Note (a)(ii))*
Mr. Chen Han *(Note (a)(ii))*

Independent Non-executive Directors
Ms. Cai Ying *(Note (a)(iii))*
Mr. Wang Susheng *(Note (a)(iii))*
Mr. Sung Deliang *(Note (a)(iii))*

Supervisors
Ms. Tan Liang *(Note (a)(iv))*

(a) Directors' and supervisors' emoluments

The directors and supervisors received emoluments from the Group (in their role as senior management and an employee before their appointment as directors) for the year ended 31 December 2021 as follows:

	Year ended 31 December 2021					
Name of Director	**Fees**	**Salaries and bonus**	**Employee restricted shares/share option expenses**	**Pensions, housing funds, medical insurances and other social insurances**	**Other employee benefits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:						
Mr. Heng Qingda	–	3,592	718	57	83	4,450
Mr. Fan Dong	–	2,900	1,796	11	42	4,749
Non-executive Directors:						
Ms. Yi Lin	–	–	–	–	–	–
Mr. Chen Han	–	–	–	–	–	–
Independent Non-executive Directors:						
Ms. Cai Ying	–	–	–	–	–	–
Mr. Wang Susheng	–	–	–	–	–	–
Mr. Sung Deliang	–	–	–	–	–	–
Supervisors:						
Mr. Wang Jun	–	–	–	–	–	–
Mr. Mao Dun	–	–	–	–	–	–
Ms. Tan Liang	–	167	–	7	20	194
	–	6,659	2,514	75	145	9,393

The directors and supervisors received emoluments from the Group (in their role as senior management and an employee before their appointment as directors) for the year ended 31 December 2020 as follows:

	Year ended 31 December 2020					
Name of Director	**Fees**	**Salaries and bonus**	**Employee restricted shares/share option expenses**	**Pensions, housing funds, medical insurances and other social insurances**	**Other employee benefits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:						
Mr. Heng Qingda	–	3,420	336	119	–	3,875
Mr. Fan Dong	–	2,900	839	51	–	3,790
Non-executive Directors:						
Ms. Yi Lin	–	–	–	–	–	–
Mr. Chen Han	–	–	–	–	–	–

			Year ended 31 December 2020			
Name of Director	Fees	Salaries and bonus	Employee restricted shares/share option expenses	Pensions, housing funds, medical insurances and other social insurances	Other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Independent Non-executive Directors:						
Ms. Cai Ying	–	–	–	–	–	–
Mr. Wang Susheng	–	–	–	–	–	–
Mr. Sung Deliang	–	–	–	–	–	–
Supervisors:						
Mr. Wang Jun	–	–	–	–	–	–
Mr. Mao Dun	–	–	–	–	–	–
Ms. Tan Liang	–	130	–	21	–	151
	–	6,450	1,175	191	–	7,816

The directors and supervisors received emoluments from the Group (in their role as senior management and an employee before their appointment as directors) for the year ended 31 December 2019 as follows:

			Year ended 31 December 2019			
Name of Director	Fees	Salaries and bonus	Employee restricted shares/share option expenses	Pensions, housing funds, medical insurances and other social insurances	Other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:						
Mr. Heng Qingda	–	1,796	–	66	–	1,862
Mr. Fan Dong	–	2,600	13,586	47	–	16,233
Non-executive Directors:						
Ms. Yi Lin	–	–	–	–	–	–
Mr. Chen Han	–	–	–	–	–	–
Independent Non-executive Directors:						
Ms. Cai Ying	–	–	–	–	–	–
Mr. Wang Susheng	–	–	–	–	–	–
Mr. Sung Deliang	–	–	–	–	–	–
Supervisors:						
Mr. Wang Jun	–	–	–	–	–	–
Mr. Mao Dun	–	–	–	–	–	–
Ms. Tan Liang	–	107	–	20	–	127
	–	4,503	13,586	133	–	18,222

(i) Mr. Heng Qingda was appointed as executive director of the Company on 13 December 2020. Mr. Fan Dong was appointed as executive director of the Company on 3 May 2018.

(ii) Ms. Yi Lin and Mr. Chen Han were appointed as non-executive directors of the Company on 13 December 2020. During the Track Record Period, the non-executive directors received emoluments from the related parties of the Group.

(iii) Ms. Cai Ying, Mr. Wang Susheng and Mr. Sung Deliang were appointed as independent non-executive directors of the Company on 13 December 2020. During the Track Record Period, the independent non-executive directors have not yet been appointed and received nil directors' remuneration in the capacity of independent non-executive directors.

(iv) Ms. Tan Liang was appointed as supervisors of the Company on 13 December 2020.

(v) Mr. Wang Jun and Mr. Mao Dun were appointed as supervisors of the Company on 13 December 2020. During the Track Record Period, Mr. Wang Jun and Mr. Mao Dun received emoluments from the related parties of the Group.

(b) Directors' retirement benefits

During the years ended 31 December 2019, 2020 and 2021, there were no additional retirement benefit received by the directors except for the contribution to defined contribution retirement scheme administration and operated by the local municipal government in accordance with the rules and regulations in the PRC.

(c) Directors' termination benefits

During the years ended 31 December 2019, 2020 and 2021, there were no termination benefits received by the directors.

(d) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2019, 2020 and 2021, no consideration was provided to or receivable by third parties for making available director's services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2019, 2020 and 2021, there were no loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities.

(f) Directors' material interests in transactions, arrangements or contracts

Except for mentioned above, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the years ended 31 December 2019, 2020 and 2021.

38 CONTINGENCIES

The Group did not have any material contingent liabilities as at 31 December 2019, 2020 and 2021.

39 SUBSEQUENT EVENTS

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2021.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2021 and up to date of this report. Except the dividend paid in January 2022 (Note 14), no dividend or distribution has been declared or paid the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2021.

The information sets out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the "Accountant's Report" set out in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of DOWELL SERVICE GROUP CO. LIMITED* (東原仁知城市運營服務集團股份有限公司) (the "Company") and its subsidiaries (together, the "Group") prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to equity shareholders of the Company as at 31 December 2021 as if the Global Offering had taken place on that date. The unaudited pro forma statement of adjusted net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the net tangible assets attributable to equity shareholders of the Company had the Global Offering been completed as at 31 December 2021 or at any future date.

	Consolidated tangible assets attributable to owners of the Company as at 31 December 2021	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2021	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2021	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	Note 1	*Note 2*		*Note 3*	*Note 4*
Based on an Offer Price of HK$11.90 per Share	140,595	109,050	249,645	3.74	4.61
Based on an Offer Price of HK$15.40 per Share	140,595	154,800	295,395	4.43	5.46

Notes:

1. The consolidated net tangible assets attributable to owners of the Company as at 31 December 2021 is extracted from the historical financial information contained in the Accountant's Report set forth in Appendix I to this prospectus, which is based on the consolidated net assets attributable to owners of the Company as at 31 December 2021 of RMB249.2 million with an adjustment for the portion of intangible assets of RMB108.6 million attributable to owners of the Company.

2. The estimated net proceeds from the Global Offering are based on 16,666,667 Shares and the indicative Offer Prices of HK$11.90 or HK$15.40 per Share after deduction of the underwriting fees and other related expenses payable by our Company excluding listing expenses of RMB1.0 million charged to profit or loss up to 31 December 2021 and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option.

3. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 66,666,667 Shares (including ordinary shares in issue as at 31 December 2021 and 16,666,667 Shares to be issued pursuant to the Global Offering) are in issue assuming that the Global Offering has been completed on 31 December 2021, but taking no account of any Shares which may be issued upon exercise of the Over-allotment Option.

4. The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.81101 to HK$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2021.

(B) ASSURANCE REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of DOWELL SERVICE GROUP CO. LIMITED* (東原仁知城市運營服務集團股份有限公司)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of DOWELL SERVICE GROUP CO. LIMITED* (東原仁知城市運營服務集團股份有限公司) (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2021, and the related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 19 April 2022, in connection with the proposed global offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed global offering on the Group's financial position as at 31 December 2021 as if the proposed global offering had taken place on 31 December 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the year ended 31 December 2021, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 – Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

* for identification purpose only

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Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed global offering on 31 December 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
19 April 2022

HONG KONG TAXATION

Dividend taxation

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.13% on the higher of the consideration for or the market value of our H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate duty

Pursuant to the Revenue (Abolition of Estate Duty) Ordinance 2005, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after 11 February 2006.

TAXATION OF OUR COMPANY IN HONG KONG

Our Directors do not consider that any of our Company's income is derived from or arose in Hong Kong for the purpose of Hong Kong taxation. Our Company will therefore not be subject to Hong Kong taxation.

PRC LAWS AND REGULATIONS RELATING TO TAXES

1. Income tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the NPC on 16 March 2007 and came into effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law 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 6 December 2007 and came into effect on 1 January 2008 and was amended on 23 April 2019, the income tax rate of 25% applies to all companies in the PRC.

These enterprises are classified as either resident enterprises or non-resident enterprises. An enterprise that is established in China in accordance with PRC laws, or that is established in accordance with the law of a foreign country (region) but whose "actual management organisations" is inside China is resident enterprise, which is subject to enterprise income tax at the rate of 25% on their global income. The Regulation on the Implementation of the Enterprise Income Tax Law of the PRC defines the term "actual management organisations" as "organisations implementing substantive and comprehensive management and control over the production and business operations, staff, accounts and property etc. of an enterprise".

An enterprise that is established according to the law of a foreign country (region) and whose "actual management organisations" are not in China, but which have established institutions or premises in China or which have not established institutions or premises in China but have income earned in China is non-resident enterprise. According to the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC, non-resident enterprises which have not established institutions or premises in China or which have established institutions in China but whose incomes have no actual connection to its institution or establishment inside China shall be subject to a reduced enterprise income tax rate of 10% on incomes derived from China.

2. Income tax relating to dividend distribution

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) and relevant protocols, which was promulgated by State Administration of Taxation on 21 August 2006 and came into effect on 8 December 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in the PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協議股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81) which was promulgated and became effective on 20 February 2009, to enjoy the treatment under the tax agreement, the fiscal resident of the other contracting party shall meet all of the following requirements (i) the fiscal resident of the other contracting party shall be limited to a company; (ii) both the proportion of all ownership interest and the proportion of all voting shares in the Chinese resident company of the fiscal resident of the other contracting party shall meet the prescribed proportions; and (iii) the proportion of capital of the Chinese resident company directly owned by the fiscal resident of the other contracting party shall meet the proportion prescribed in the tax agreement at any time during 12 consecutive months before dividends are obtained.

Pursuant to the Measures for Administration of Non-Resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) which was promulgated by the State Administration of Taxation on 14 October 2019 and will become effective on 1 January 2020, non-resident taxpayers are entitled to preferential treatment under tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. A non-resident taxpayer may enjoy the preferential tax treatment at the time of tax return filings or withholding declaration through a withholding agent if it determines that it is eligible for the preferential tax treatment keeps and documents relevant information for future inspection in accordance with the regulations under the treaties, subject to the relevant follow-up administration by the tax authority.

3. Value-added tax

Pursuant to the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and was amended on 10 November 2008, 6 February 2016, 19 November 2017, organisations and individuals engaging in sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of value-added tax. The tax rate for taxpayers engaging in sale of services and intangible assets shall be 6% unless otherwise stipulated.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部稅務總局關於調整增值稅稅率的通知》), which was promulgated by the MOF and the State Administration of Taxation on 4 April 2018, and came into force as at 1 May 2018, the value-added tax rates shall be adjusted, including for value-added taxable sales originally subject to 17% and 11% shall be adjusted to 16% and 10%, respectively.

Pursuant to the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Policies for Deepening the Value-added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》), which was promulgated by the MOF, the State Taxation Administration and the General Administration of Customs on 20 March 2019, and came into force as at 1 April 2019, the value-added tax rates were further adjusted, including for general value-added tax payers' sales activities or imports that are subject to value-added tax at an existing applicable rate of 16% or 10%, the applicable value-added tax rates shall be adjusted to 13% or 9% respectively. Furthermore, from 1 April 2019 to 31 December 2021, a taxpayer engaged in production or livelihood services is allowed to have a 10% weighted deduction of creditable input value-added tax in the current period from the tax amount payable.

4. Stamp duty

Pursuant to (i) the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》), which was issued by the State Council on 6 August 1988, came into effect on 1 October 1988, and was amended on 8 January 2011; and (ii) the Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》), which was promulgated by the MOF on 29 September 1988 and came into effect on 1 October 1988, and was amended on 5 November 2004, PRC stamp duty only applies to specific taxable document executed or received within the PRC, which are legally binding in the PRC and protected under the PRC laws.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL IN THE PRC

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》), which was promulgated by the State Council of on 29 January 1996 and came into effect since 1 April 1996 and was amended on 14 January 1997 and 5 August 2008, the PRC imposes no restrictions on regular international payments and transfers, such as trade and service-related foreign exchange transactions and dividend payments, but it shall be based on true and legitimate transactions and financial institutions engaging in conversion and sale of foreign currencies shall carry out reasonable examination, and the foreign exchange control authorities shall have the right to carry out supervision and inspection.

For capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans, shall be conducted upon the prior approval by or registration/filing with the administration of foreign exchange unless otherwise stipulated.

Pursuant to the Circular on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)), which was promulgated and implemented by the SAFE on 26 December 2014, a company limited by shares registered in the PRC shall, within 15 working days after completion of overseas listing, register overseas listing with the

Foreign Exchange Bureau at the place of its incorporation. After overseas listing, a domestic shareholder intends to increase or reduce his shares of overseas listed companies shall register his shareholding with the local Foreign Exchange Bureau at the place where he resides within 20 working days before the increase and reduction of shares with related materials in accordance with relevant regulations. The proceeds raised from overseas listing can be repatriated to the PRC or deposited overseas, and the usage of such proceeds shall be consistent with the relevant contents set out in the document and other public disclosure documents.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), which was issued by the SAFE on 9 June 2016 and came into effect on the same day, the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, proceeds repatriated from overseas listing, etc.) entitled to discretionary settlement according to relevant policies, shall be conducted in the banks as actually needed for business operation. The discretionary exchange settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. The SAFE may adjust the above ratio in due course in accordance with the balance of payment status.

Pursuant to the Notice by the State Administration of Foreign Exchange on Facilitating Promoting Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》, which was promulgated by the SAFE on 23 October 2019, non-investment foreign-invested enterprises are permitted to use their capital funds to make equity investments in the PRC, provided that such investments do not violate the Special Administrative Measures for the Access of Foreign Investment (Negative List) (外商投資准入特別管理措施(負面清單)) and the target investment projects in the PRC are genuine and in compliance with laws.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (Winding up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Stock Exchange, our Company is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Companies Ordinance applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Incorporation of corporate

Under the Companies Ordinance, a company with share capital shall be incorporated by the Registrar of Companies in Hong Kong and the company will acquire an independent corporate existence upon its incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain provisions that restrict a member's right to transfer shares. A public company's articles of association do not contain such provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or stock flotation. The newly amended PRC Company Law which came into effect on 26 October 2018, has no provisions on minimum registered capital of joint stock companies, except that laws, administrative regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital of joint stock companies, in which case the company should follow such provisions.

Hong Kong law does not prescribe minimum capital requirement for a Hong Kong company.

Share capital

Under Hong Kong law, the directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The PRC Company Law provides that any increase in our Company's registered capital must be approved by its shareholders' general meeting and the relevant PRC governmental and regulatory authorities.

There is no such restriction on companies incorporated in Hong Kong under Hong Kong law.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). If capital contribution is made other than in cash, valuation and verification of the assets contributed must be carried out and converted into shares according to the laws. Non-monetary assets used for capital contributions shall not be overvalued or undervalued. Where laws or administrative regulations provide otherwise, those provisions shall prevail. There is no such restriction on a Hong Kong company under the Hong Kong law.

Restrictions on shareholding and transfer of Shares

In general, our Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for and traded by PRC legal persons, PRC non-legal organisations or natural persons; while our Unlisted Foreign Shares, which are denominated and subscribed for in any foreign currency except for RMB, may only be subscribed for and traded by PRC legal persons or non-PRC natural persons. Overseas listed H shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for and traded by investors from Hong Kong, Macau, Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. However, qualified institutional investors and individual investors may trade the Southbound Hong Kong Trading Link and the Northbound Shanghai Trading Link (or the Northbound Shenzhen Trading Link) shares via participating in the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares issued prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares transferred each year by the directors, supervisors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person leave office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management. There are no such restrictions on shareholding and transfers of shares under Hong Kong law apart from six-month lockup on the company's issue of shares and the twelve-month lockup on controlling shareholders' disposal of shares.

Financial assistance for acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain special restrictions provisions on a company and its subsidiaries on providing aforesaid financial assistance similar to those under the Companies Ordinance.

Variation of class rights

The PRC Company Law has no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate separate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. The relevant provisions have been incorporated in the Articles of Association, summary of which is set out in the section headed "Summary of the Articles of Association" in Appendix V to this prospectus.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class of shares at a separate meeting, (ii) with the consent in writing of the holders representing at least 75% of the total voting rights of the relevant class of shares, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors, senior management and supervisors

The PRC Company Law, unlike Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on interested contracts and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory board

Under the PRC Company Law, a joint stock limited company's directors and members of the senior management are subject to the supervision of supervisory board. There is no mandatory requirement for the establishment of supervisory board for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative action by minority Shareholders

Pursuant to Hong Kong law, minority shareholders may initiate a derivative action on behalf of all shareholders against directors, who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory board to initiate proceedings in the people's court. In the event that the supervisory board violates their obligations and causes damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the supervisory board or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions also provides further remedies against the directors, supervisors and senior management who breach their duties to the company.

Protection of minorities

Under Hong Kong law, a shareholder who complains that the business of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to either appoint a receiver or manager over the property or business of the company or make an appropriate order regulating the affairs of the company. In addition, if the application of members reaches a specified number, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC Company Law provides that, a company which encounters substantial operational or management difficulties, and its continuance will cause significant loss to the interests of its shareholders and the situation cannot be resolved by other means, shareholders of the company who hold more than ten percent of the voting rights of all shareholders may apply to a people's court for the dissolution of the company. The Mandatory Provisions, however, except as required by laws and regulations or the Listing Rules provides that a controlling shareholder shall not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of Shareholders' general meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting and an interim general meeting must be given to shareholders no less than 20 days and 15 days before the date of such meeting, respectively. For a company incorporated in Hong Kong, the minimum period of notice is 21 days in the case of an annual general meeting and 14 days in other cases.

Quorum for Shareholders' general meetings

Under the Companies Ordinance, the quorum for a general meeting must be at least two shareholders unless the articles of association of the company otherwise provided. For companies with only one shareholder, the quorum must be one shareholder. The PRC Company Law does not specify the quorum for a shareholders' general meeting.

Voting

Under the Companies Ordinance, an ordinary resolution of shareholders' general meetings should be passed by more than half of the votes and a special resolution of shareholders' general meetings should be passed by no less than 75% of such votes. Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the general meeting.

Financial disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly issued must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial statements, auditors' report and directors' report, which are to be presented before the company's annual general meeting, not less than 21 days before such meeting. The Mandatory Provisions and regulations requires that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international accounting standards or accounting standards of the overseas listing place, and such financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP. The lower of the after-tax profits stated in the abovementioned two kinds of financial statements shall prevail in the allocation of after-tax profits for the accounting year. The company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

The Special Regulations require that there should not be any contradiction between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on directors and shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings, share register, counterfoil of company debentures, resolutions of board meetings, resolutions of the supervisory board and financial and accounting reports, which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving agent

Under the PRC Company Law and Hong Kong law, dividends once declared become liabilities payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC laws this limitation period is three years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of overseas listed foreign shares dividends declared and all other monies owed by the company in respect of its shares.

Corporate reorganisation

Corporate reorganisation involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to section 237 of the Companies (Winding up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members under Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. Under the PRC laws, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders at the shareholders' general meeting.

Dispute arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the Hong Kong International Arbitration Centre or the China International Economic and Trade Arbitration Commission, at the claimant's choice.

Mandatory deductions

Under the PRC Company Law, a joint stock limited company is required to contribute 10% of the profit into their statutory reserve funds upon distribution of their post-tax profits of the current year. There are no corresponding provisions under Hong Kong law.

Remedies of the company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

Our Company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years.

Fiduciary duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors and senior management should be loyal and diligent. Under the Mandatory Provisions, directors, supervisors and senior management are not permitted, without the knowledge and approval of the shareholders' general meeting, to engage in any activities which compete with the interests of the company.

Closure of register of shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Mandatory Provisions, share transfers shall not be registered within 20 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

Amendment to articles of association

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law, the Mandatory Provisions and the Listing Rules.

Documents available for inspection

A PRC issuer is required to make available at a place in Hong Kong for inspection by the public and shareholders free of charge, and for copying by its shareholders at reasonable charges of the following:

- a complete duplicate register of shareholders;
- a report showing the state of our Company's issued share capital;
- our Company's latest audited financial statements and the reports of the directors, auditors and supervisors, if any, thereon;
- special resolutions;
- reports showing the number and nominal value of securities repurchased by our Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum amounts paid in respect of each class of securities repurchased (including a classification by class shares);
- copy of the latest annual reports with the SAIC or other competent PRC authority; and
- for shareholders only, copies of minutes of shareholders' general meetings.

Receiving agents

Under Hong Kong law, a PRC issuer is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owed in respect of the H shares. Such monies will be held by the receiving agents, pending payment, in trust for the holders of such H shares.

Statements in share certificates

A PRC issuer is required to ensure that all of its listing documents and share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to the share registrar a signed form in respect of such shares bearing statements to the following effect, that the acquirer of shares:

- agrees with the company and each shareholder, and it agrees with each shareholder, to observe and comply with the PRC Company Law, the Special Regulations and its articles of association;

- agrees with the company, each shareholder, director, supervisor, manager and other senior management and it (acting both for the company and for each director, supervisor, manager and other senior management) agrees with each shareholder to refer all differences and claims arising from the articles of association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws or administrative regulations concerning its affairs to arbitration in accordance with the articles of association. Any reference to arbitration shall be deemed to authorise the arbitration bodies to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with the company and each shareholder that H shares are freely transferable by the holder thereof; and

- authorises the company to enter into a contract on his behalf with each director, supervisor and senior management whereby such directors, supervisors and senior management undertake to observe and comply with their obligations to shareholders as stipulated in the articles of association.

Legal compliance

A PRC issuer is required to observe and comply with the PRC Company Law, the Special Regulations and its articles of association.

Contract between the PRC issuer and directors, senior management and supervisors

A PRC issuer is required to enter into a contract in writing with every director and senior management containing at least the following provisions:

- an undertaking by the director or senior management to the company to observe and comply with the PRC Company Law, the Special Regulations, its articles of association, the Hong Kong Takeovers Code and an agreement that it must have the remedies provided in its articles of association and that neither the contract nor his office is capable of assignment;

- an undertaking by the director or senior management to the company acting as agent for each shareholder to observe and comply with every obligation to the shareholders as stipulated in the articles of association; and

- an arbitration clause which provides that whenever any differences or claims arise from the contract, the articles of association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning affairs between the company and its directors or senior management and between a holder of H shares and a director or senior management, such differences or claims shall be referred to arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party shall also submit to the arbitral body elected by the claimant. Such arbitration shall be final and conclusive. If the party seeking arbitration elects to arbitrate the dispute or claim at Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen, according to the Securities Arbitration Rules of the Hong Kong International Arbitration Centre. The arbitration of disputes or claims referred to above are applicable to PRC laws, unless otherwise provided by law or administrative regulations. The arbitral award of the arbitral body is final and shall be binding on the parties thereto. Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

A PRC issuer is also required to enter into a contract in writing with every supervisor containing statements in substantially the same terms as the provisions above.

Subsequent listing

A PRC issuer must not apply for the listing of its H shares on a PRC stock exchange unless the Stock Exchange is satisfied that the relative rights of the holders of its H shares are adequately protected.

English translation

All notices or other documents required under the Listing Rules to be sent by a PRC issuer to the Stock Exchange or to holders of the H shares are required to be in English, or accompanied by a certified English translation.

General

If any change in the PRC laws or market practice materially alters the validity or accuracy of any basis upon which the additional requirements have been prepared, the Stock Exchange may impose additional requirements or make listing of H shares by a PRC issuer subject to special conditions as the Stock Exchange may consider appropriate. Whether or not such changes in the PRC laws or market practice occur, the Stock Exchange retains its general power under the Listing Rules to impose additional requirements and make special conditions in respect of any company's listing of shares.

Other legal and regulatory provisions

Upon the listing on the Stock Exchange, the relevant provisions of the SFO, the Hong Kong Takeovers Code and other relevant ordinances and regulations will apply to a PRC issuer.

Securities Arbitration Rules

The Securities Arbitration Rules of the Hong Kong International Arbitration Centre contain provisions allowing, upon application by any party, an arbitral tribunal may conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the arbitral tribunal shall, where satisfied that such application is based on bona fide grounds, order the arbitration to take place in Shenzhen conditional upon all parties, including witnesses and the arbitrators, being permitted to enter Shenzhen for the purpose of the hearing. Where a party, other than a PRC party, or any arbitrator is not permitted to enter Shenzhen, then the arbitral tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and Taiwan.

Any person wishing to have detailed advice on PRC laws or the laws of any jurisdiction is recommended to seek independent legal advice.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance as well as the additional regulatory provisions of the Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please refer to section headed "Regulatory overview" in this prospectus.

This Appendix contains the summary of the principal provisions of the Articles of Association adopted by our Company on 20 February 2021. The Articles of Association shall take effect on the date of our H Shares being listed on the Stock Exchange. The main purpose of this appendix is to provide an overview of the Articles of Association for potential investors, so it may not contain all the information that is important.

1. SHARES AND REGISTERED CAPITAL

All the shares issued by our Company are ordinary shares. Our Company may create other classes of shares according to it needs, upon approval by the authorities that are authorised by the State Council.

The shares of our Company shall take the form of share certificates.

The shares of our Company shall be issued in accordance with the principles of openness, equitability, and fairness. Each share of the same class shall carry the same rights. Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares it/he/she subscribes for.

All the shares issued by our Company shall have a par value, which shall be RMB1 for each share.

2. INCREASE AND REDUCTION OF CAPITAL AND BUYBACK OF SHARES

(1) Capital increase

Based on its business and development, our Company may increase its capital in accordance with the laws, regulations and through a resolution made by the Shareholders' general meeting, by any of the following methods:

(I) public offering of shares.

(II) private placement of shares.

(III) allotment of new Shares to existing Shareholders.

(IV) allotment of bonus shares to existing Shareholders.

(V) conversion of capital reserve to share capital.

(VI) other methods permitted by laws and administrative regulations and approved by relevant competent authorities.

If our Company is to increase its capital by an offering of new Shares, it shall do so by the procedures provided for in relevant state laws, administrative regulations, departmental rules, normative documents, and listing rules of the stock exchange in the place where our Shares are listed after such increase has been approved in accordance with these Articles of Association.

(2) Reduction of capital

Our Company may reduce its registered capital. If our Company reduces its registered capital, it shall do so by the procedures set forth in the PRC Company Law, other relevant regulations, and these Articles of Association.

If our Company is to reduce its registered capital, it must prepare a balance sheet and a list of its property.

Our Company shall notify its creditors within 10 days from the date of resolution on reduction in registered capital and publish an announcement on the newspapers within 30 days and publish it on the website of our Company' and the relevant stock exchange as required by the listing place of our Shares. The creditors may demand, within 30 days from receipt of the notice (or within 45 days for those creditors who did not receive the notice), that our Company settles the debts or provide the corresponding guarantee.

(3) Repurchase of Shares

Our Company may, in the following circumstances, buy back its own outstanding Shares by the procedures provided for in laws, administrative regulations, departmental rules, normative documents and listing rules of the stock exchange in the place where our Shares are listed and the provisions of these Articles of Association:

(I) to reduce the capital of our Company.

(II) to merge with other companies that hold Shares.

(III) to use our Shares for employee shareholding schemes or as share incentives.

(IV) to acquire our Shares of shareholders (upon their request) who vote against to any resolution adopted at any general meetings on the merger or division of our Company.

(V) to use the Shares to satisfy the conversion of those corporate bonds convertible into shares issued by our Company.

(VI) to safeguard corporate value and Shareholders' equity as our Company deems necessary.

(VII) other circumstances permitted by laws and administrative regulations.

Unless our Company has already entered the liquidation stage, it must comply with the following provisions in buying back its outstanding shares:

(I) if our Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit of our Company and/or from the proceeds of the new shares offer made to repurchase the old shares.

(II) if our Company buys back shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit of our Company and/or from the proceeds of the new shares offer made to repurchase the old Shares; and the portion more than the par value shall be handled according to the following methods:

(i) if the Shares being bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit of our Company.

(ii) if the Shares being bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit of our Company and/or the proceeds of the new share offer made to repurchase the old Shares, provided that the amount paid out of the proceeds of the new share offer shall not exceed the aggregate of the premiums received on our issue of the old Shares repurchased nor shall it exceed the amount in our Company's premium account (or capital reserve account) (including the premiums from the new share offer) at the time of the buyback.

(III) our Company shall make payments for the following applications out of our Company's distributable profits:

(i) acquisition of the right to buy back its own shares.

(ii) modification of any contract for the buyback of its shares.

(iii) release from any of its obligations under a buyback contract.

(IV) after our Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with relevant regulations, the amount deducted from the distributable profit for payment of the par value of the repurchased shares shall be credited to our Company's premium account (or capital reserve account).

Applicable laws, administrative regulations, and the relevant provisions of the securities regulator in the place where our Company's Shares are listed on financial processing about repurchasing of shares, shall prevail.

3. FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES

Neither our Company nor its wholly owned or controlled companies or companies within the scope of its consolidated financial statements shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of our Company. Purchasers of shares of our Company as referred to above shall include persons that directly or indirectly assumes obligations because of purchasing shares of our Company.

Neither our Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors to reduce or release them from their obligations.

The term "financial assistance" shall include but not be limited to financial assistance in the forms set forth below:

(I) gift.

(II) security (including the assumption of liability or the provision of property by the guarantor to secure the performance of obligations by the obligor), indemnity (not including, however, indemnity arising from our Company's own fault), release or waiver of any rights.

(III) provision of a loan or conclusion of a contract under which the obligations of our Company are to be fulfilled before the fulfilment of obligations of the other party to the contract, or a change in the parties to, or the assignment of rights under, such loan or contract.

(IV) any other form of financial assistance given by our Company when our Company is insolvent or has no net asset or when its net assets would thereby be reduced to a material extent.

The following acts shall not be deemed to be prohibited:

(I) the provision of financial assistance by our Company where the financial assistance is provided in good faith in the interests of our Company and the principal purpose of which is not for the acquisition of shares in our Company, or where the provision of financial assistance is an incidental part of certain overall plan of our Company.

(II) the lawful distribution of our Company's properties by way of dividends.

(III) the allotment of bonus shares as dividends.

(IV) a reduction of registered capital, buyback of shares or adjustment of the share capital structure effected in accordance with these Articles of Association.

(V) the provision by our Company of a loan within its scope of operation and in the ordinary course of its business (provided that the net assets of our Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit).

(VI) the monetary contribution by our Company to the employee share option schemes (provided that the net assets of our Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit).

4. SHARE CERTIFICATES AND REGISTER OF MEMBERS

(1) Share certificates

The share certificates of our Company shall be in registered form.

The share certificates of our Company shall contain items provided in the PRC Company Law and other items required to be specified by the Stock Exchange.

The share certificates shall be signed by the chairman of the Board. Where the stock exchange on which the shares of our Company are listed requires the share certificates to be signed by other senior management of our Company, the share certificates shall also be signed by such senior management as requested. The share certificates shall take effect after being affixed or printed with the seal of our Company. The share certificates shall only be affixed with our Company's seal with the authorization of the Board. The signatures of the chairman of the Board or other relevant senior management on the share certificates may also be in printed form.

If our Company's shares are issued and traded in paperless form, the regulations of the securities regulator and stock exchange of the place where the shares of our Company are listed shall apply.

(2) Register of members

Our Company shall keep a register of shareholders, in which the following particulars shall be recorded:

(I) the name (or title), address (place of domicile), occupation or nature of each shareholder.

(II) the class and number of shares held by each shareholder.

(III) the amount paid-up or payable in respect of shares held by each shareholder.

(IV) the serial numbers of the shares held by each shareholder.

(V) the date on which each shareholder was registered as a shareholder.

(VI) the date on which any shareholder ceased to be a shareholder.

Unless there is evidence to the contrary, the register of members shall be the sufficient evidence of the shareholders' shareholding in our Company.

Our Company may, in accordance with the mutual understanding and agreements made between the State Council securities regulator and overseas securities regulatory authorities, keep its register of holders of overseas-listed foreign shares outside of the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be maintained in Hong Kong.

Our Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas always listed foreign shares.

If there is any inconsistency between the original and the duplicate register of holders of overseas-listed foreign shares, the original version shall prevail.

Our Company shall maintain a complete register of members. The register of members shall include the following parts:

(I) the register of members which is maintained at our Company's place of domicile (other than those share registers which are described in paragraphs (II) and (III) of this Article).

(II) the register of members in respect of the holders of overseas-listed foreign shares of our Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located.

(III) the register of members which is maintained in such other place as the Board may consider necessary for the purpose of listing of our Company's shares.

Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of members.

Alteration or rectification of each part of the register of members shall be made in accordance with the laws of the place where that part of the register of members is maintained.

Any person who challenges the register of members and requests to have his/her name included in or removed from the register of members may apply to the court having jurisdiction.

Any shareholder who is registered in, or any person who requests to have his name (title) entered, the register of members may apply to our Company for issuance of a replacement share certificate in respect of such shares (the "relevant shares") if his/her share certificate (the "original share certificate") is lost.

Our Company shall not have any obligation to indemnify any person for any damage suffered thereby arising out of the cancellation of the original share certificate or the issuance of a replacement share certificate unless such person concerned can prove fraud on the part of our Company.

5. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

A shareholder of our Company is a person who lawfully holds shares of our Company and whose name (title) is recorded in the register of members. A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Holders of the ordinary shares of our Company shall enjoy the following rights:

(I) the right to receive dividends and other profit distributions in proportion to the number of shares held.

(II) the right to propose, convene and preside over, to attend or appoint proxies to attend general meetings and to exercise the corresponding voting right.

(III) the right to supervise, present proposals or raise enquiries about our Company's business operations.

(IV) the right to transfer, give as a gift or pledge the shares in their possession in accordance with laws, administrative regulations, the Listing Rules, and the Articles of Association.

(V) the right to obtain relevant information in accordance with the Articles of Association, including:

1. The right to obtain a copy of the Articles of Association, subject to payment of a reasonable fee;

2. The right to inspect and copy, subject to a payment of a reasonable fee:

    (1) All parts of the register of members.

    (2) Personal particulars of each of Directors, Supervisors, general manager, and other senior management of our Company, including:

        (a) present and former name or alias.

(b) principal address (place of domicile).

(c) nationality.

(d) full-time and all other part-time occupations and positions.

(e) identity document and its number.

(3) the state of our Company's share capital.

(4) reports showing the aggregate par value, quantity, the maximum and minimum prices paid in respect of each class of shares repurchased by our Company since the end of the last financial year, and the aggregate amount paid by our Company for this purpose (classified by domestic and foreign stocks).

(5) Company's bond stubs.

(6) minutes of the general meeting of shareholders (for inspection by shareholders only), resolutions of the board meetings, resolutions of the Supervisory Board meetings.

(7) financial and accounting reports.

(8) copy of the latest annual return filed with the company registration authorities of the PRC or other competent authorities.

Our Company shall make the foregoing documents available for inspection by shareholders at its domicile and at its place of business in Hong Kong.

(VI) in the event of the termination or liquidation of our Company, the right to participate in the distribution of the remaining property of our Company in proportion to the number of shares held.

(VII) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them.

(VIII) shareholders who hold more than 3% of the shares of our Company alone or collectively shall have the right to submit an interim motion and submit it in writing to the convenor 10 working days before the general meeting of shareholders.

(XI) such other rights conferred by the laws, administrative regulations, departmental regulations, normative documents, Listing Rules or other rights stipulated in the Articles of Association.

Shareholders of ordinary shares of our Company shall have the following obligations:

(I) to abide by laws, administrative regulations, departmental regulations, normative documents, the Listing Rules and the Articles of Association.

(II) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares.

(III) shareholders shall not make share withdrawal shall except as prescribed by laws and regulations.

(IV) shareholders shall not abuse the rights of shareholders to damage the interests of our Company or other shareholders; it is not allowed to abuse the independent status of our Company as a legal person and the limited liability of shareholders to damage the interests of creditors of our Company; if the shareholders abuse the rights of shareholders and cause losses to our Company or other shareholders, they shall be liable for compensation according to law. If the shareholders of our Company abuse the independent status of our Company as a legal person and the limited liability of the shareholders to evade debts and seriously damage the interests of the creditors of our Company, they shall bear joint and several liabilities for the debts of our Company.

(V) to assume other obligations required by laws, administrative regulations departmental rules, normative documents, the Listing Rules and the Articles of Association.

(VI) shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers at the time of share subscription.

6. RESTRICTION ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

In addition to obligations imposed by laws or required by the Listing Rules, a controlling shareholder of our Company exercises his/her right as a shareholder, he/she shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of our Company:

(I) to waive a director or supervisor of his responsibility to act honestly in the best interests of our Company.

(II) to approve the expropriation by a director or supervisor (for his/her own benefits or for the benefits of another person), in any way, of our Company's properties, including but not limited to any opportunities beneficial to our Company.

(III) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person) of personal rights of other shareholders, including but not limited to rights to distributions and voting rights save pursuant to a corporate restructuring tabled at a general meeting for approval in accordance with the Articles of Association.

7. GENERAL MEETING

(1) General rules for convening a general meeting

The general meeting is the organ of the highest authority of our Company and shall exercise the following functions and powers in accordance with the law:

(I) to decide on the operating policies and investment plans of our Company.

(II) to elect and replace directors and supervisors who are not representatives of the employees and to decide on matters relating to their remuneration.

(III) to consider and approve reports of the Board.

(IV) to consider and approve reports of the Supervisory Board.

(V) to consider and approve the annual financial budgets and final accounts of our Company.

(VI) to consider and approve the profit distribution plans and loss recovery plans of our Company.

(VII) to make resolutions on increasing or reducing the registered capital of our Company.

(VIII) to make resolutions on the issuance of corporate bonds or other securities and listing.

(IX) to make resolutions on the merger, division, dissolution, liquidation or change in corporate form of our Company.

(X) to amend the Articles of Association.

(XI) to make resolutions on the engagement, dismissal, or non-renewal of the engagement of accounting firms by our Company.

(XII) to consider matters raised by a shareholder alone or shareholders together holding more than three (3) percent of the shares of our Company.

(XIII) to consider other matters that required to be resolved by the general meeting as prescribed by the law, administrative regulations, departmental rules, and these Articles of Association.

General meetings include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and within six months after the end of the preceding fiscal year.

Our Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(I) the number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number prescribed in these Articles of Association.

(II) the losses of our Company that have not been made up reach one-third of its total paid in share capital.

(III) such is requested in writing by a shareholder alone or shareholders together holding more than ten percent of our Company's outstanding voting shares.

(IV) the Board considers it necessary.

(V) the Supervisory Board proposes that such a meeting shall be held.

(VI) other circumstances as specified by laws, administrative regulations and the provisions of the Listing Rules and these Articles of Association.

A shareholder alone or shareholders together holding more than ten percent of our Company's shares shall have the right to make a request to the Board in writing to convene an interim shareholders general meeting or a class shareholders meeting. The Board shall, in accordance with laws, administrative regulations, the listing rules of the stock exchange in the place where our Company's shares are listed and the provisions of these Articles of Association, submit written feedback within 10 days after receipt of the request for consent or disapproval to the convening of an interim shareholders' meeting or a class of shareholders' meeting.

If the Board agrees to convene an interim shareholders general meeting or a class shareholders meeting, it shall, within 5 days after the resolution of the Board, give notice of the convening of a general meeting of shareholders or a meeting of class shareholders, in which the consent of the relevant shareholders shall be obtained for the change of the original request. If the Board does not agree to convene an interim shareholders general meeting or a class shareholder meeting, or fails to give a response within 10 days after the receipt of the request, the shareholder alone or shareholders together holding more than ten percent of our Company's shares shall have the right to propose to the Supervisory Board in writing to convene an interim shareholders general meeting or a class shareholders meeting.

If the Supervisory Board agrees to convene an interim shareholders general meeting or a class shareholders meeting, it shall, within 5 days of receipt of the request, give notice of the convening of an interim shareholders general meeting or a class shareholders meeting. In the notice, the consent of the relevant shareholders shall be obtained for the change of the original proposal. If the Supervisory Board fails to issue a notice calling the general meeting by the prescribed deadline, a shareholder who alone or shareholders who together holding at least ten percent of the shares of our Company for at least 90 days in succession may himself/herself/themselves convene and preside over such meeting.

(2) Proposals of general meetings

A shareholder alone or shareholders together holding more than three percent of the shares of our Company may submit extempore motions in writing to the convenor ten days prior to the date of general meeting. The convenor shall issue a supplemental notice of general meeting and make a public announcement of the contents of such extempore motion within two days after receipt of the motion.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

(3) Notices of general meetings

Where a general meeting is convened by our Company, it shall issue a written notice twenty business days prior to the convening of the annual general meeting or fifteen days prior to the convening of the extraordinary general meeting to notify shareholders. The notice shall include date, time and venue of the meeting and matters to be considered at the meeting and a statement indicating that a shareholder is entitled to appoint proxies to attend and vote at such meeting on his/her behalf in writing. When calculating the starting date, the date of the meeting shall be excluded.

Unless otherwise provided by laws, administrative regulations, the listing rules of the stock exchange in the place where the shares of our Company are listed or these Articles of Association, notice of general meeting shall be served to any shareholder (whether has voting right on general meeting or not) either by hand or by post in a prepaid mail, addressed to such shareholder at his/her registered address as shown in the register of members, or by public announcement. For holders of domestic shares, the notice of a general meeting may also be given by public announcement.

(4) Convening of general meetings

Any shareholder entitled to attend and vote at a general meeting may attend the general meeting in person or shall have the right to appoint one or more persons (who may not be a shareholder) as his/her proxies to attend and vote on his/her behalf. Such proxies may exercise the following rights as entrusted by the shareholder:

(I) the shareholder's right to speak at the general meeting.

(II) the right to demand by himself or jointly with others, to vote by way of poll.

(III) the right to vote by show of hands or on a poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights on a poll.

Shareholders shall appoint their proxies by written instruments, which shall be signed by the principals or their agents appointed in writing. If the principal is a legal person, the instrument shall be under the seal of the legal person or signed by its director(s) or duly authorized agent(s).

The instrument appointing a voting proxy shall be placed at the domicile of our Company or at such other place as specified in the notice of the meeting at least 24 hours before the convening of the relevant meeting at which the proxy is authorised to vote or 24 hours before the specified time of the vote.

If a general meeting is convened by the Board, the chairman of the Board shall serve as host and preside over the meeting. If the chairman of the Board fails or is unable to perform his or her duties, the meeting shall be presided by the vice chairman of the Board, if the vice chairman of the Board fails or is unable to perform his or her duties, the meeting shall be presided over by the Director jointly elected by at least one half of the Directors.

At a general meeting convened by the Supervisory Board, the chairman of the Supervisory Board shall preside. If the chairman of the Supervisory Board fails or is unable to perform his or her duties, the meeting shall be presided over by the Supervisor jointly elected by at least one half of the Supervisors.

If a general meeting is convened by a shareholder himself/herself or shareholders themselves, the meeting shall be presided over by the representative selected by the convenor(s).

(5) Voting and resolutions of general meeting

Resolutions of the general meeting include ordinary resolutions and special resolutions. Ordinary resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least half of the voting rights. Special resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. Shares in our Company which are held by our Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

Decisions of the general meeting on any of the following matters shall be adopted by special resolution:

(I) the increase or reduction of the registered capital and issuance of any class of shares, warrants or other similar securities by our Company.

(II) the issuance of corporate bonds.

(III) the division, merger, dissolution, and liquidation.

(IV) the amendment to these Articles of Association.

(V) other matters which the laws, administrative regulations or these Articles of Association require to be adopted by special resolutions and which the general meeting considers will have a material impact on our Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

8. PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

Shareholders that hold different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with laws, administration regulation and these Articles of Association. Apart from holders of other classes of shares, holders of Domestic Shares and overseas listed foreign shares are deemed to be shareholders of different classes.

Our Company shall not proceed to change or abrogate the rights of class shareholders unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder meeting convened by the class shareholders so affected in accordance with the Articles of Association.

The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

(I) An increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class.

(II) a conversion of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change.

(III) a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class.

(IV) a reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such class.

(V) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issues or rights to acquire securities of our Company attached to shares of such class.

(VI) a removal or reduction of rights to receive amounts payable by our Company in a particular currency attached to shares of such class.

(VII) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class.

(VIII) an imposition of restrictions or additional restrictions on the transfer of ownership of shares of such class.

(IX) an issuance of rights to subscribe for, or convert into, shares of such class or another class.

(X) an increase in the rights and privileges of shares of another class.

(XI) restructuring of our Company which causes shareholders of different classes to bear liability to different extents during the restructuring.

(XII) any amendment or abrogation of the provisions of this section.

Shareholders of the affected class, whether having the right to vote at general meeting, shall have the right to vote at class meetings in respect of matters referred to in above paragraphs (II) to (VIII) and (XI) to (XII), except that interested shareholders shall not have the right to vote at class meetings.

The term "interested shareholders" in the preceding paragraph shall have the following meanings:

(I) if our Company has made a buyback offer to all shareholders in the same proportion or has bought back its own shares through open market transactions on a stock exchange in accordance with Article 37 of these Articles of Association, the controlling shareholders as defined in Article 237 of these Articles of Association shall be "interested shareholders".

(II) if our Company has bought back its own shares by an agreement outside of a stock exchange in accordance with Article 37 and Article 34 of these Articles of Association, holders of shares in relation to such agreement shall be "interested shareholders".

(III) under a restructuring proposal of our Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of our Company that is different from the interest in such restructuring proposal of other shareholders of the same class shall be "interested shareholders".

Resolutions of a class meeting may be passed only by shareholders present at the class meeting representing more than two-thirds of the voting rights.

When convening a class meeting, our Company shall send it shall issue a written notice within the time requirement of the non-class meeting, if the regulations where our Company is listed regulates otherwise, shall prevail.

The procedure according to which class shareholders' meetings are held shall, to the extent possible, be identical to the procedure according to which general meetings are held. Provisions of these Articles of Association relevant to procedures for the holding of general meetings shall be applicable to class shareholders' meetings.

The special procedure for voting by class shareholders shall not apply under the following circumstances:

(I) where our Company issues domestic shares and overseas-listed foreign shares, upon approval by a special resolution of the general meeting, either separately or concurrently once every 12 months, and the quantity of domestic investment shares and overseas listed foreign investment shares intended to be issued does not exceed 20 percent of the outstanding shares of the respective classes.

(II) where our Company's plan to issue domestic shares and overseas-listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council or within the validity period of its approval document.

(III) where, as approved by the State Council or its authorised regulatory authorities, the transfer of domestic shares of our Company to foreign shares and the listing and trading of such shares on an overseas stock exchange.

9. DIRECTORS AND BOARD OF DIRECTORS

(1) Directors

Directors shall be elected or replaced at the general meeting and may be removed before the expiry of the term at the general meeting. Every term of a director is three (3) years, and upon expiry of the term, a Director shall be eligible for re-election and re-appointment.

Subject to the compliance with the relevant laws and regulations of the place where our Company's shares are listed and the provisions of the listing rules of the stock exchange, the general meeting may by ordinary resolution remove any Director before the expiration of his/her term of office without prejudice to the Director's right as provided in any contracts to claim for damages arising from his/her removal.

A Director is not required to hold any share in our Company. The Director is a natural person, and the Director is not required to hold shares in our Company.

(2) Board of Directors

Our Company shall set up a Board which shall be accountable to the general meetings. The Board shall consist of seven (7) directors. The Board shall have one chairman and one vice chairman. The Directors shall be elected by the general meeting of shareholders. The members of the Board shall include at least three independent Directors and shall not be less than 1/3 of all members of the Directors. At least one of these independent Directors must have appropriate accounting or related financial management expertise.

The Board is accountable to the general meetings and exercise the following functions and powers:

(I) to convene of general meetings and report its work to the general meetings.

(II) to implement resolutions of the general meetings.

(III) to decide on our Company's business plans and investment plans.

(IV) to formulate the annual financial budgets and final accounts of our Company.

(V) to formulate our Company's profit distribution plans and plans on making up losses.

(VI) to formulate proposals for the increase or reduction of our Company's registered capital and the issuance of debentures or other securities and listing scheme of the Company.

(VII) to formulate plans for our Company's merger, division, dissolution or alteration of corporate form and to formulate plans for our Company's substantial acquisitions and repurchase of shares of our Company.

(VIII) within the scope authorised by the general meeting, to decide on such matters as our Company's external investments, acquisition and disposal of assets, provision of security on our Company's assets, wealth management entrustment, etc.

(IX) to decide on establishment of internal management organizations of our Company.

(X) to engage or dismiss our Company's general manager (president), co-president, secretary to the Board and the person in charge of finance of our Company, and to decide on their remunerations and rewards and punishments.

(XI) to formulate the basic management system of our Company.

(XII) to formulate proposals to amend these Articles of Association.

(XIII) to manage information disclosure of our Company.

(XIV) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service of annual financial statement to our Company.

(XV) to listen to work reports submitted by the general manager (president) of our Company and review his/her work.

(XVI) other functions and powers provided for in laws and administrative regulations and conferred at general meetings and by these Articles of Association.

Except for the Board resolutions in respect of the matters specified in paragraphs (VI), (VII) and (XII) which shall be passed by more than two-thirds of the Directors, the Board resolutions in respect of all other matters set out in the preceding paragraph may be passed by more than half of the Directors.

Meetings of the Board may be held only if more than one half of the Directors are present. Vote on Board resolution shall be carried out based on one person one vote.

If any Director is associated with the enterprises that are involved in the matters to be resolved at the meeting of the Board, he or she shall not exercise his or her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the Board may be held only if more than one half of the Directors without a connected relationship are present, and the resolutions made at such a meeting of the Board shall be passed by more than one half of the Directors without a connected relationship. Provided that the matter under consideration is a matter subject to the approval of more than 2/3 of the Board and shall be approved by more than 2/3 of the unassociated Directors. If the number of non-connected Directors present at such meeting is less than three, the matter shall be submitted to the general meeting for consideration.

10. SECRETARY OF THE BOARD

Our Company shall have a secretary to the Board. The secretary to the Board shall be a member of the senior management of our Company.

The secretary to the Board shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the Board.

Any accountant from the accounting firm engaged by our Company shall not concurrently serve as the secretary to the Board.

11. SUPERVISORY BOARD

A Director, chief financial personnel or other senior management personnel of our Company shall be prohibited from concurrently holding the position of Supervisor.

The term of office of each Supervisor shall be a period of three years, renewable upon re-election.

Our Company shall establish a Supervisory Board. The Supervisory Board shall consist of three Supervisors, one of which shall be the chairman. The chairman of the Supervisory Board shall be elected or removed by more than 2/3 of the members of the Supervisory Board.

The Supervisory Board shall include an appropriate proportion of shareholders' representatives and staff representatives, of which the proportion of the staff representatives shall not be less than 1/3. Staff representative supervisors shall be elected and removed by the staff of our Company democratically.

The Supervisory Board shall be accountable to the general meeting and exercise the following functions and powers in accordance with law:

(I) to review our Company's periodic reports prepared by the Board and put forward opinions in writing.

(II) to examine our Company's financial position.

(III) to supervise the performance by the Directors and senior management of their duties to our Company, to suggest for removal of Directors and senior managers who violate laws, administrative regulations, these Articles of Association or resolutions of general meetings of shareholders.

(IV) to demand rectification from the directors, general manager(s) and other senior management when the acts of such persons are harmful to our Company's interests, and, if necessary, to report to the general meeting of shareholders or the relevant competent authorities of the state.

(V) to propose an interim general meeting of shareholders be held to convene and preside over the general meeting of shareholders when the Board fails to perform its duties of convening and presiding over the general meeting of shareholders as stipulated in the PRC Company Law.

(VI) to make proposals to the general meeting of shareholders.

(VII) to sue directors and senior management personnel on behalf of our Company in accordance with PRC Company Law.

(VIII) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, should any queries arise, to engage, in the name of our Company, certified public accountants and practicing auditors for a re-examination of the aforesaid information. The expenses shall be borne by our Company.

(IX) to carry out an investigation, if it is found that the business situation of our Company is abnormal; if necessary, it may employ accounting firms, law firms and other professional bodies to assist in its work, and the expenses shall be borne by our Company.

(X) to put forward some suggestions on the formulation and revision of our Company's profit distribution policy.

(XI) other functions and powers provided for in laws and administrative regulations, departmental regulations, listing rules of the stock exchange in the place where our Company's share are listed and by these Articles of Association.

Supervisors shall attend as a nonvoting delegate at the meeting of the Directors.

12. GENERAL MANAGER (PRESIDENT) AND OTHER MEMBERS OF THE SENIOR MANAGEMENT

Our Company has one general manager (president), one co-president and one person in charge of financial matters, they shall serve terms of three years and may serve consecutive terms if reappointed by the board of directors.

Directors may concurrently serve as general manager (president) and co-president.

The general manager (president) shall be accountable to the Board and exercise the functions and powers to sign foreign documents includes not limited to the signing of foreign documents, events and activities, such as foreign contracts, agreements, official documents, notifications, etc.

The co-president shall be accountable to the Board and exercise the following functions and powers:

(I) to oversee the production, operation, and management of our Company, to organise the implementation of the resolutions of the Board, and to report his/her works to the Board.

(II) to organize the implementation of our Company's annual business plans and investment plans.

(III) to draft plans for the establishment of our Company's internal management organization.

(IV) to draft our Company's basic management system.

(V) to propose the appointment or dismissal of our Company's senior managers such as the person in charge of finance of our Company whom appointment or dismissal is to be determined by the Board.

(VI) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board.

(VII) to formulate the wages, benefits, rewards and punishments of the staff and workers of our Company, and to decide on the employment and dismissal of the staff and workers of our Company.

(VIII) such other functions and powers conferred by these Articles of Association or the Board.

13. BORROWING POWER

The Articles of Association do not contain any specific provision regarding the way the Directors may exercise the right to borrow money or the way such a right is given provided that the board of directors shall be entitled to develop proposals for our Company to issue bonds and to list its Shares, and that such bond issues must be approved by the shareholders by a special resolution at the general shareholders' meeting.

14. FINANCIAL AND ACCOUNTING SYSTEMS

Our Company shall formulate its financial and accounting systems in accordance with the PRC laws and the PRC accounting standards formulated by relevant state authorities.

Our Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with the law.

Our Company shall adopt Renminbi as its bookkeeping base currency, and the accounts are written in Chinese.

Our Company shall publish financial reports twice every fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year.

The financial reports of our Company shall be made available for inspection by shareholders 20 days prior to the convening of an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

At least 21 days before the convening of the annual general meeting, our Company shall deliver the above-mentioned reports or copies of the reports of the Board and financial reports together with the balance sheet (including all documents annexed to the balance sheet as prescribed by applicable laws), the profit or loss statement of income and expenditure statement or financial summary to each holder of overseas-listed foreign shares with the postage-paid mail. The addresses of the recipient shall be registered address as shown on the register of members. The financial statements of our Company shall be prepared not only in accordance with PRC accounting standards and regulations, but also in accordance with international accounting standards or the accounting standards of the place outside the PRC where shares of our Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements.

15. PROFIT DISTRIBUTIONS

Where our Company distributes its after-tax profits for a given year, it shall allocate 10 percent of the profits to its statutory reserve. Our Company shall no longer be required to make allocations to its statutory reserve once the aggregate amount of such reserve reaches at least 50 percent of its registered capital.

If our Company's statutory reserve is insufficient to make up losses from previous years, our Company shall use its profits from the current year to make up such losses before making the allocation to its statutory reserve in accordance with the preceding paragraph.

After making the allocation from its after-tax profits to its statutory reserve, our Company may, subject to a resolution of the general meeting, make an allocation from its after-tax profits to the discretionary reserve.

After our Company has made up its losses and made allocations to its reserves, the remaining profits of our Company shall be distributed in proportion to the shareholdings of its shareholders, unless these Articles of Association provide that distributions are to be made otherwise than proportionally.

If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders before our Company has made up its losses and made allocations to the statutory reserve, the shareholders must return to our Company the profits that were distributed in breach of the said provisions.

Shares of our Company that are held by our Company itself shall not participate in the distribution of profits.

Subject to the laws of the PRC, our Company may exercise power to forfeit unclaimed dividends, if it does so only after the expiration of the applicable relevant period.

Our Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign investment shares, provided that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. Our Company may exercise this power if the dividend warrants are returned after the first mail fails to serve the addressee.

Our Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a shareholder of overseas-listed foreign shares who is untraceable subject to the following conditions:

(I) our Company has distributed dividends at least three times in respect of such shares within 12 years, but none of such dividends was claimed.

(II) our Company has, after the expiration of a period of 12 years, made an announcement on one or more newspapers in the place in which our Company's shares are listed, stating its intention to sell such shares, and notify the securities regulatory authority of the place in which our Company's shares are listed of such intention.

Our Company shall appoint receiving agents for holders of overseas listed foreign investment shares to collect on behalf of the relevant shareholders the dividends distributed and other moneys payable by our Company in respect of overseas listed foreign investment shares. The receiving agents appointed by our Company shall meet the requirements of the laws of the place or the relevant regulations of the stock exchange where our Company's shares are listed. The receiving agents appointed by our Company for holders of overseas listed foreign investment shares listed on the Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

16. DISSOLUTION AND LIQUIDATION OF OUR COMPANY

Our Company shall be dissolved in accordance with the law under any of the following circumstances:

(I) the general meeting resolves to dissolve our Company.

(II) dissolution is necessary because of the merger or division of our Company.

(III) our Company is legally declared bankrupt because it is unable to pay its debts as they fall due.

(IV) our Company's business license is revoked, or it is ordered to close, or it is deregistered according to laws.

(V) serious difficulties arise in the operation and management of our Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10 percent of all shareholders' voting rights of the Company may petition a People's Court to dissolve our Company.

Where our Company is dissolved according to the provisions of sub-paragraphs (I), (IV), and (V) of the preceding Article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of persons determined by way of ordinary resolution at a general meeting. If our Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

If our Company is to be dissolved pursuant to item (III) of the preceding Article, the People's Court shall, in accordance with the provisions of relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

If the Board decides that our Company shall be liquidated (except for the liquidation because of the Company's declaration of bankruptcy), the notice of the general meeting convened for such purpose shall include a statement to the effect that the Board has made full inquiry into the position of our Company and that the Board is of the opinion that our Company can pay its debts in full within 12 months after the commencement of the liquidation.

The functions and powers of the Board shall terminate immediately after the general meeting has passed the resolution to carry out liquidation.

The liquidation committee shall take instructions from the general meeting and shall make a report to the general meeting on the committee's income and expenditure as well as the business of our Company and the progress of the liquidation at least annually. It shall make a final report to the general meeting when the liquidation is completed.

The liquidation committee shall notify creditors within 10 days of its establishment and make announcements on the newspapers designated by the CSRC and on the websites of our Company and the stock exchange within 60 days of its establishment. Claims shall be registered by the liquidation committee. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement.

When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims.

During the period of filing the creditor's rights, the liquidation team shall not pay off the creditors.

After the liquidation committee has liquidated our Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the People's Court for confirmation.

Our Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed, and all our Company's debts shall be distributed by our Company to the shareholders in proportion to the shares they hold.

During liquidation, our Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. Our Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated our Company's property and prepared a balance sheet and property list, discovers that our Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law.

After the People's Court has ruled to declare our Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following the completion of liquidation of our Company, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial accounts in respect of the liquidation period and, after verification thereof by a certified public accountant in China, submit the same to the general meeting or the competent authority for confirmation. Within 30 days from the date of the general meeting's or the competent authority's confirmation, the liquidation committee shall submit the aforementioned documents to the company registration authority to apply for company deregistration and announce our Company's termination.

17. AMENDMENT TO THE ARTICLES OF ASSOCIATION

Our Company shall amend these Articles of Association in accordance with the laws and these Articles of Association.

If an amendment to these Articles of Association involves matters provided for in the Mandatory Provisions of Articles of Association of Companies That List Overseas that requires the approval from the competent supervisory authority to become effective, it shall be submitted to the competent supervisory authority for approval. If an amendment to these Articles of Association involves a registered particular of our Company, registration of the change shall be carried out in accordance with the law.

FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was established on 13 January 2015 as a limited liability company in the PRC with a registered capital of RMB50.0 million. The registered office and headquarters of our Company in the PRC is Room 206, B1/F, No.108 Baihe Road, Nanping Town, Nan'an District, Chongqing, the PRC (重慶市南岸區南坪鎮白鶴路108號負1層206室).

Our Company has established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 16 March 2021. Mr. Wong Wai Chiu has been appointed as the authorised representative of our Company under the Companies Ordinance for the acceptance of service of process on behalf of our Company in Hong Kong. His address for acceptance of service of process is 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix IV to this prospectus. A summary of our Articles of Association is set out in Appendix V to this prospectus.

2. Changes in share capital of our Company

As at the date of establishment of our Company, the initial registered capital was RMB10 million, all of which was fully paid up.

On 2 January 2020, the registered capital of our Company was increased from RMB10 million to RMB11.9947 million and was fully paid. On 12 February 2020, the registered capital of our Company was increased from RMB11.9947 million to RMB12.1947 million and was fully paid. On 23 April 2020, the registered capital of our Company was increased from RMB12.1947 million to RMB19.9947 million and was fully paid.

On 17 December 2020, our Company was converted from a limited liability company to a joint stock limited liability company with net asset value of RMB52.8 million, and our Company then issued 50 million Shares with a nominal value of RMB1.00 each. On 11 October 2021, we obtained the CSRC approval for the issue of not more than 19,166,667 H Shares with a nominal value of RMB1 each under the Global Offering.

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), our registered capital will be RMB66,666,667 divided into (i) unlisted Shares, including 30,510,000 Domestic Shares and 19,490,000 Unlisted Foreign Shares; and (ii) 16,666,667 H Shares, which represent approximately 75.0% and 25.0% of the total issued share capital of our Company, respectively.

Save as disclosed in this paragraph and in the paragraphs headed "1. Incorporation of our Company" and "3. Resolutions of our Shareholders" in this Appendix and the section headed "History and development" in this prospectus, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this prospectus.

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions of our Shareholders

At our Shareholders' meeting held on 20 February 2021, the following resolutions were passed by our Shareholders:

(a) the Global Offering, Listing and the Over-allotment Option were approved; and

(b) our Board and the persons authorised by our Board were authorised to handle all matters relating to Listing.

On 20 February 2021, our Board and the authorised persons approved by our Board were authorised to make further amendments to our Articles of Association according to the opinions given by the relevant regulatory authorities of the PRC and Hong Kong. The relevant amendments will become effective from the Listing Date.

4. Associate corporations and joint venture of our Company during the Track Record Period and up to the Latest Practicable Date

(a) Chongqing Xuyuan

On 31 March 2016, Chongqing Xuyuan was established in the PRC as a limited liability company with registered capital of RMB3.0 million. It was held as to 49% by our Company and 51% by Shanghai Yongsheng Property Management Company Limited* (上海永升物業管理有限公司), an Independent Third Party, as at the Latest Practicable Date. Chongqing Xuyuan is a joint venture of our Company as at the Latest Practicable Date and is principally engaged in property management.

(b) Chongqing Yian

On 19 May 2017, Chongqing Yian was established in the PRC as a limited liability company with registered capital of RMB10.0 million. The registered share capital was subsequently increased to RMB51.5 million. During the Track Record Period and up to the disposal by our Group, it was held as to approximately (i) 19.42% by Chongqing Dongyuan, a wholly owned subsidiary of our Company; (ii) 34.56% by Chongqing Tongyuan Property Development Company Limited* (重慶同原房地產開發有限公司), a wholly owned subsidiary of Dima; (iii) 25.24% by Nanfang Dongying Property Limited* (南方東銀置地有限公司), a non-wholly owned subsidiary of Dima; (iv) 19.42% by Chongqing Guozhan Property Development Company Limited* (重慶國展房地產開發有

限公司), a wholly owned subsidiary of Dima; and (v) 1.36% by Nanfang Dongyin Chongqing Pinzhu Property Development Company Limited* (南方東銀重慶品築物業發展有限公司), a wholly owned subsidiary of Dima. On 22 December 2020, Chongqing Dongyuan transferred all its equity interests in Chongqing Yian to Chongqing Tongyuan Property Development Company Limited* at nil consideration. Since completion of such disposal, Chongqing Yian has ceased to be our associate company.

(c) Zhejiang Dongzhen

On 29 June 2020, Zhejiang Dongzhen was established in the PRC as a limited liability company with registered capital of RMB10.0 million. It was held as to (i) 36% by Chongqing Dongyuan, a wholly-owned subsidiary of our Company; (ii) 25% by Mr. Chen Zhongxi; (iii) 25% by Mr. Zhou Daijun; (iv) 10% by Mr. Lu Zhen; and (v) 4% by Mr. Sheng Decai. Save as Chongqing Dongyuan, each of the equity holders of Zhejiang Dongzhen is an Independent Third Party as at the Latest Practicable Date. Zhejiang Dongzhen is our associate company as at the Latest Practicable Date and is principally engaged in property management.

(d) Xi'an Dongyuan

On 22 October 2020, Xi'an Dongyuan was established in the PRC as a limited liability company with registered capital of RMB1 million. It was held as to (i) 36% by Chongqing Dongyuan, a wholly-owned subsidiary of our Company; (ii) 32% by Mr. Niu Changyu; and (iii) 32% by Ms. Liu Qiong. Save as Chongqing Dongyuan, each of the equity holders of Xi'an Dongyuan is an Independent Third Party as at the Latest Practicable Date. Xi'an Dongyuan is our associate company as at the Latest Practicable Date and is principally engaged in the provision of property management services.

(e) Guilin Xin Shengkang

On 18 November 2019, Guilin Xin Shengkang was established in the PRC as a limited liability company with registered capital of RMB5 million. It was held as to (i) 10% by Guangxi Shengkang, an indirect non-wholly-owned subsidiary of our Company; (ii) 85% by Mr. Li Qisheng; and (iii) 5% by Ms. Su Xing. Guilin Xin Shengkang was principally engaged in the provision of property management services. As at the Latest Practicable Date, Guilin Xin Shengkang has been deregistered.

(f) Mianyang Ruisheng and Mianyang Huirui

On 2 June 1998, Mianyang Ruisheng was established in the PRC as a limited liability company. Please refer to the paragraph headed "History and development – Acquisitions during the Track Record Period – Acquisitions of Mianyang Ruisheng" for details of the acquisition of Mianyang Ruisheng by our Group. Mianyang Huirui was established on 6 July 2020 in the PRC as a limited liability company with registered capital of RMB1 million. It is a wholly-owned subsidiary of Mianyang Ruisheng and was principally engaged in property agency services.

(g) Kunming Dongyuan

On 17 December 2021, Kunming Dongyuan was established in the PRC as a limited liability company with registered capital of RMB10 million. It was held as to 48% by Chongqing Dongyuan, a wholly owned subsidiary of our Company, and 52% by Kunming High Tech Industrial Development Co., Ltd.* (昆明高新產業發展有限公司), an Independent Third Party (other than its equity interest in such company), as at the Latest Practicable Date. Kumming Dongyuan is our associate company as at the Latest Practicable Date and is principally engaged in property management.

(h) Shandong Dongyuan

On 17 November 2021, Shandong Dongyuan was established in the PRC as a limited liability company with registered capital of RMB5 million. It was held as to 51% by our Company, 34% by Weihai Qidun Security Service Co., Ltd.* (威海市齊盾保安服務有限公司) and 15% by Changjiang Collaborative Innovation Technology Research Institute (Suzhou) Co., Ltd.* (長江協同創新科技研究院(蘇州)有限公司), both of whom are Independent Third Parties (other than its equity interest in such company) as at the Latest Practicable Date. Shandong Dongyuan is our joint venture as at the Latest Practicable Date and is principally engaged in property management.

(i) Chengdu Dongyuan

On 22 March 2022, Chengdu Dongyuan was established in the PRC as a limited company with registered capital of approximately RMB147 million. It was held as to 51% by Chongqing Dongyuan, a wholly owned subsidiary of our Company, and 49% by Pengzhou Industry Investment Development Co., Ltd.* (彭州市醫藥健康產業投資有限公司), an Independent Third Party (other than its equity interest in such company) as at the Latest Practicable Date. Chengdu Dongyuan is our joint venture as at the Latest Practicable Date and is principally engaged in property management.

(j) Chengdu Jiulian

On 20 October 2021, Chengdu Jiulian was established in the PRC as a limited liability company with a registered capital of RMB10 million. It was held as to 51% by Chongqing Dongyuan, a wholly owned subsidiary of our Company, and 49% by Chengdu Haike Asset Management Co., Ltd.* (成都海科資產管理有限公司), an Independent Third Party (other than its equity interest in such company) as at the Latest Practicable Date. Chengdu Jiulian is our joint venture as at the Latest Practicable Date and is principally engaged in property management.

5. Changes in share capital of our subsidiaries

Our subsidiaries are listed in the Accountant's report set out in Appendix I to this prospectus.

Save for the alterations described in the section headed "History and development" in this prospectus, there is no alteration in the share capital of our subsidiaries which took place within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of our own securities

For details of share repurchase by our Company, please refer to the section headed "Summary of the Articles of Association" in Appendix V to this prospectus.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

7. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(i) the Deed of Indemnity, brief details of which are set out in the paragraph headed "Other information – 14. Estate duty, tax and other indemnities" of this Appendix;

(ii) an equity transfer agreement dated 3 July 2020 and entered into between Chongqing Dongyuan and 韓路陽 (Mr. Han Luyang), pursuant to which Chongqing Dongyuan acquired the entire equity interests of Luzhou Kuayue at a nominal cash consideration of RMB1;

(iii) an equity transfer agreement dated 3 August 2020 and entered into between Dongyuan Real Estate, Kingdom Vast and our Company, pursuant to which Kingdom Vast acquired from Dongyuan Real Estate approximately 25.41% equity interests of our Company at a total cash consideration of RMB65.0 million;

(iv) an equity transfer agreement dated 19 October 2020 and entered into between Dongyuan Real Estate, Harvest Property and our Company, pursuant to which Harvest Property acquired from Dongyuan Real Estate approximately 13.57% equity interests of our Company at a total cash consideration of RMB34.7 million;

(v) a share purchase agreement dated 26 October 2020 and entered into between Mr. Andreas Ermann, GSN Property Services Co., Ltd. Inc. (皆斯內物業管理服務有限公司) ("**GSN Property**"), Chongqing Dongyuan and GSN Shanghai, pursuant to which Chongqing Dongyuan acquired from Mr. Andreas Ermann and GSN Property their respective 86% and 14% equity interests of GSN Shanghai at an initial total cash consideration of RMB88,935,164.52;

(vi) an equity transfer agreement dated 12 December 2020 and entered into between 李崎勝 (Mr. Li Qisheng), Chongqing Dongyuan and Guangxi Shengkang, pursuant to which Chongqing Dongyuan acquired from Mr. Li Qisheng his 51% equity interests of Guangxi Shengkang at an initial total cash consideration of RMB20 million; and

(vii) the Hong Kong Underwriting Agreement.

8. Intellectual property rights of our Group

Trademark

(i) Trademarks registered

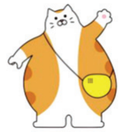
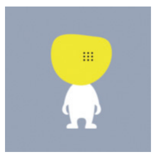
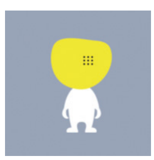
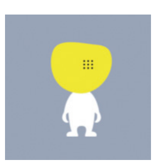
As at the Latest Practicable Date, the following trademarks had been registered by our Group in Hong Kong:

No.	Trademark	Registered owner	Class	Registration no.	Expiry date
1.	Dowell DOWELL SERVICE	Our Company	36, 39, 44, 45	305509189	17 January 2031
2.	东原仁知 DOWELL SERVICE	Our Company	36, 39, 44, 45	305509170	17 January 2031

As at the Latest Practicable Date, the following material trademarks had been registered in the PRC by our Group:

No.	Trademark	Registered owner	Class	Registration no.	Expiry date
1.		Our Company	43	22503883	27 March 2028
2.		Our Company	36	22503629	27 March 2028
3.	東御	Our Company	45	22503622	13 February 2028
4.		Our Company	45	22503581	13 February 2028
5.	東御	Our Company	36	22503509	13 February 2028
6.		Our Company	41	22503310	13 April 2028

No.	Trademark	Registered owner	Class	Registration no.	Expiry date
7.	東御	Our Company	41	22503208	27 March 2028
8.	東御會	Our Company	41	22503113	27 March 2028
9.	東御	Our Company	16	22503041	27 March 2028
10.		Our Company	35	22502975	13 February 2028
11.		Our Company	16	22502874	13 February 2028
12.	原聚场	Yuanji Culture	38	26102686	13 August 2028
13.	原·聚場	Yuanji Culture	41	26102651	13 August 2028
14.	原聚场	Yuanji Culture	16	26101113	13 August 2028
15.	原·聚場	Yuanji Culture	9	26101088	20 August 2028
16.	原·聚場	Yuanji Culture	35	26100635	20 August 2028
17.	原聚场	Yuanji Culture	35	26100625	20 August 2028
18.	原聚场	Yuanji Culture	41	26099863	13 August 2028
19.	原聚场	Yuanji Culture	39	26090966	13 August 2028
20.	原聚场	Yuanji Culture	43	26086501	13 August 2028
21.	原聚场	Yuanji Culture	36	26086120	13 August 2028
22.	原聚场	Yuanji Culture	28	26086065	13 August 2028
23.		Yuanji Culture	39	46818296	6 February 2031
24.		Yuanji Culture	35	46818276	13 February 2031

No.	Trademark	Registered owner	Class	Registration no.	Expiry date
25.		Yuanji Culture	39	46817164	6 February 2031
26.		Yuanji Culture	38	46815406	13 February 2031
27.		Yuanji Culture	28	46815393	13 February 2031
28.		Yuanji Culture	36	46815033	20 January 2031
29.		Yuanji Culture	36	46815029	20 January 2031
30.		Yuanji Culture	43	46814391	20 January 2031
31.		Yuanji Culture	16	46813022	20 January 2031
32.		Yuanji Culture	41	46811026	20 January 2031
33.		Yuanji Culture	16	46810564	20 January 2031
34.		Yuanji Culture	9	46810557	20 January 2031

No.	Trademark	Registered owner	Class	Registration no.	Expiry date
35.		Yuanji Culture	43	46808362	20 January 2031
36.		Yuanji Culture	38	46808184	20 January 2031
37.		Yuanji Culture	9	46806842	20 January 2031
38.		Yuanji Culture	41	46805162	20 January 2031
39.		Yuanji Culture	35	46805134	20 January 2031
40.		Yuanji Culture	28	46805123	20 January 2031
41.		Yuanji Culture	41	53282608	6 September 2031
42.		Yuanji Culture	37	53279239	13 September 2031
43.		Yuanji Culture	42	53269983	6 September 2031
44.		Yuanji Culture	9	53268752	13 September 2031
45.		Yuanji Culture	35	53268746	6 September 2031
46.		Yuanji Culture	36	53264849	6 September 2031
47.		Yuanji Culture	39	51124631	20 August 2031

No.	Trademark	Registered owner	Class	Registration no.	Expiry date
48.		Yuanji Culture	41	51122717	20 August 2031
49.		Yuanji Culture	16	51120627	20 August 2031
50.		Yuanji Culture	35	51117706	27 August 2031
51.		Yuanji Culture	21	51108728	20 August 2031
52.		Yuanji Culture	36	51107231	20 August 2031
53.		Yuanji Culture	28	51104997	6 September 2031
54.		Yuanji Culture	43	51104143	20 August 2031
55.		Yuanji Culture	20	51094283	20 August 2031
56.		Yuanji Culture	28	48771215	27 June 2031
57.		Yuanji Culture	16	48771210	20 June 2031
58.		Yuanji Culture	9	51093583	6 December 2031
59.		Yuanji Culture	42	51094303	20 November 2031
60.	神马东东	Chongqing Zhonghang Shijia	37	40486970	6 April 2030
61.	神马东东	Chongqing Zhonghang Shijia	39	40467220	6 April 2030
62.	神马东东	Chongqing Zhonghang Shijia	42	40489563	13 April 2030
63.	神马东东	Chongqing Zhonghang Shijia	9	40486898	6 June 2030

No.	Trademark	Registered owner	Class	Registration no.	Expiry date
64.	神马东东	Chongqing Zhonghang Shijia	36	40477396	6 April 2030
65.	神马东东	Chongqing Zhonghang Shijia	45	40476252	6 April 2030
66.	神马东东	Chongqing Zhonghang Shijia	41	40474728	6 April 2030
67.		Chongqing Shengdu	45	8121669	6 April 2030
68.	GSN	Beijing branch of GSN Shanghai	42	5560266	6 October 2029
69.	GSN	Beijing branch of GSN Shanghai	37	5560267	6 December 2029
70.	GSN	Beijing branch of GSN Shanghai	36	5560268	6 December 2029
71.	GSN	Beijing branch of GSN Shanghai	45	5560269	6 December 2029
72.	皆斯内	Beijing branch of GSN Shanghai	42	10368396	6 March 2023
73.	皆斯内	Beijing branch of GSN Shanghai	45	10368397	6 March 2023
74.	皆斯内	Beijing branch of GSN Shanghai	37	10368398	6 March 2023
75.	皆斯内	Beijing branch of GSN Shanghai	36	10368399	6 March 2023
76.	东原仁知	Our Company	9	52833452	27 August 2031
77.	东原仁知	Our Company	35	52841168	27 August 2031
78.	东原仁知	Our Company	36	52844392	27 August 2031
79.	东原仁知	Our Company	39	52838215	27 August 2031
80.	东原仁知	Our Company	41	52841035	20 August 2031
81.	东原仁知	Our Company	44	52835892	20 August 2031
82.	东原仁知	Our Company	45	52831046	27 August 2031

No.	Trademark	Registered owner	Class	Registration no.	Expiry date
83.	Dowell DOWELL SERVICE	Our Company	39	52835216	20 November 2031
84.	Dowell DOWELL SERVICE	Our Company	41	52834193	13 December 2031
85.	Dowell DOWELL SERVICE	Our Company	44	52837751	27 November 2031
86.	东原仁知 DOWELL SERVICE	Our Company	9	52849995	6 December 2031
87.	东原仁知 DOWELL SERVICE	Our Company	39	52841124	6 November 2031
88.	东原仁知 DOWELL SERVICE	Our Company	41	52848815	6 December 2031
89.	东原仁知 DOWELL SERVICE	Our Company	44	52844282	27 November 2031

(ii) Trademark licensed

As at the Latest Practicable Date, pursuant to the trademark license agreement entered into with Dongyuan Real Estate, we are entitled to use the following trademarks. For details of such trademark license agreement, please refer to the section headed "Continuing connected transactions" in this prospectus.

No.	Trademark	Registered owner	Class	Registration no.	Expiry date	Place of registration
1.	俱乐社区	Dongyuan Real Estate	35	20857929	27 September 2027	PRC
2.	俱乐社区	Dongyuan Real Estate	36	20857951	27 September 2027	PRC
3.	俱乐社区	Dongyuan Real Estate	37	20857879	27 September 2027	PRC
4.	俱乐社区	Dongyuan Real Estate	39	20858066	27 September 2027	PRC
5.	俱乐社区	Dongyuan Real Estate	41	20858159	27 September 2027	PRC
6.	俱乐社区	Dongyuan Real Estate	42	20858054	27 September 2027	PRC
7.	俱乐社区	Dongyuan Real Estate	43	20858241	27 September 2027	PRC
8.	俱乐社区	Dongyuan Real Estate	44	20858281	27 September 2027	PRC
9.	俱乐社区	Dongyuan Real Estate	45	20858243	27 September 2027	PRC

No.	Trademark	Registered owner	Class	Registration no.	Expiry date	Place of registration
10.	优度优家	Dongyuan Real Estate	35	19339338	27 June 2027	PRC
11.	优度优家	Dongyuan Real Estate	36	19339391	27 June 2027	PRC
12.	优度优家	Dongyuan Real Estate	37	19339421	27 June 2027	PRC
13.	优度优家	Dongyuan Real Estate	41	19339455	27 June 2027	PRC
14.	友邻友趣	Dongyuan Real Estate	35	19341670	27 June 2027	PRC
15.	友邻友趣	Dongyuan Real Estate	36	19341693	20 April 2027	PRC
16.	友邻友趣	Dongyuan Real Estate	37	19341696	20 April 2027	PRC
17.	友邻友趣	Dongyuan Real Estate	41	19341449	20 April 2027	PRC
18.	友邻友趣	Dongyuan Real Estate	42	19341869	20 April 2027	PRC
19.	東原 | 东原物业 DOWELL PROPERTY MGT	Dongyuan Real Estate	36	13038506	27 December 2024	PRC
20.	東原 | 东原物业 DOWELL PROPERTY MGT	Dongyuan Real Estate	37	13038523	27 December 2024	PRC
21.	東原 | 东原物业 DOWELL PROPERTY MGT	Dongyuan Real Estate	39	13038543	6 April 2025	PRC
22.	東原 | 东原物业 DOWELL PROPERTY MGT	Dongyuan Real Estate	41	13038556	6 April 2025	PRC
23.	東原 | 东原物业 DOWELL PROPERTY MGT	Dongyuan Real Estate	44	13038572	27 March 2025	PRC
24.	東原 | 东原物业 DOWELL PROPERTY MGT	Dongyuan Real Estate	45	13038596	20 January 2025	PRC
25.	乐享乐配	Dongyuan Real Estate	35	19340518	27 June 2027	PRC
26.	乐享乐配	Dongyuan Real Estate	36	19340658	20 April 2027	PRC
27.	乐享乐配	Dongyuan Real Estate	37	19340732	20 April 2027	PRC
28.	乐享乐配	Dongyuan Real Estate	41	19341072	20 April 2027	PRC
29.	乐享乐配	Dongyuan Real Estate	42	19341153	20 July 2027	PRC
30.	37°C东原 活出满意	Dongyuan Real Estate	42	35101213	6 September 2029	PRC

No.	Trademark	Registered owner	Class	Registration no.	Expiry date	Place of registration
31.		Dongyuan Real Estate	37	35101214	31 December 2029	PRC
32.		Dongyuan Real Estate	36	35101215	31 December 2029	PRC
33.		Dongyuan Real Estate	35	35101216	31 December 2029	PRC

Domain names

As at the Latest Practicable Date, members of our Group had registered the following domain names:

No.	Domain name	Registration date	Expiry date
1.	dongyuanwuye.com	31 May 2018	31 May 2023
2.	dowelldyrz.com	26 October 2020	26 October 2023
3.	dowelldyrz.mobi	26 October 2020	26 October 2023
4.	dowellservice.com	14 November 2020	14 November 2023
5.	dowellservice.mobi	20 January 2021	20 January 2024
6.	cqdowin.com	11 June 2019	11 June 2022
7.	gsn-propertyservices.com	10 September 2007	10 September 2022
8.	yuanjuchang.com	4 January 2021	4 January 2023

Software copyrights

As at the Latest Practicable Date, members of our Group had registered the following software copyrights in the PRC which, in the opinion of our Directors, are material to our business:

No.	Software	Registered proprietor	Registration no.	Date of registration
1.	Doyin Station Intelligent Management Software V1.0	Chongqing Dongyuan	2020SR0857878	31 July 2020
2.	Dong eManagement Platform V2.3.1	Chongqing Qicheng	2020SR1075538	10 September 2020
3.	Dongyuan Carpark Management Software V1.0	Chongqing Dongyuan	2020SR1869036	21 December 2020

No.	Software	Registered proprietor	Registration no.	Date of registration
4.	Dongyuan One-stop Medical Service Platform V1.0	Chongqing Dongyuan	2020SR1823890	15 December 2020
5.	Dongyuan Meal Dispensing Management Software V1.0	Chongqing Dongyuan	2020SR1823897	15 December 2020
6.	Dongyuan Business Integration Management Software V1.0	Chongqing Dongyuan	2020SR1823898	15 December 2020
7.	Dongyuan Back Office Facility and Equipment Management Software V1.0	Chongqing Dongyuan	2020SR1823891	15 December 2020
8.	Dongyuan Security Management Software V1.0	Chongqing Dongyuan	2020SR1823892	15 December 2020
9.	Dongyuan Environment Services Management Software V1.0	Chongqing Dongyuan	2020SR1754280	7 December 2020
10.	Dongyuan Medical Logistics Distribution Management Software V1.0	Chongqing Dongyuan	2020SR1752576	7 December 2020
11.	Dongyuan Medical Waste Management Software V1.0	Chongqing Dongyuan	2020SR1722341	3 December 2020
12.	Dongyuan Medical Care Management Software V1.0	Chongqing Dongyuan	2020SR1706950	2 December 2020
13.	Dongyuan Shengkang Logistics Restaurant Management Software V1.0	Guangxi Shengkang	2021SR0623488	20 November 2020
14.	Dongyuan Shengkang Logistics Environment Cleaning Service Management Software V1.0	Guangxi Shengkang	2021SR0623490	20 November 2020

No.	Software	Registered proprietor	Registration no.	Date of registration
15.	Dongyuan Shengkang Logistics Equipment and Facilities Maintenance Management Software V1.0	Guangxi Shengkang	2021SR0623489	20 November 2020
16.	Dongyuan Shengkang Logistics Parking Lot Order Management Software V1.0	Guangxi Shengkang	2021SR0628470	20 November 2020
17.	Dongyuan Shengkang Logistics Order Maintenance Management Platform V1.0	Guangxi Shengkang	2021SR0695497	20 November 2020
18.	Dongyuan Shengkang Commodity Distribution Integrated Management Software V1.0	Guangxi Shengkang	2021SR0723098	20 November 2020
19.	Dongyuan Shengkang Life Care Management Software V1.0	Guangxi Shengkang	2021SR0695496	20 November 2020
20.	Dongyuan Shengkang Washing Factory Production Line Management Platform V1.0	Guangxi Shengkang	2021SR0695495	20 November 2020
21.	Dongyuan Shengkang One-Stop Logistics Service Big Data Management Platform V1.0	Guangxi Shengkang	2021SR0723266	20 November 2020
22.	Dongyuan Shengkang Medical Waste Smart Management Platform V1.0	Guangxi Shengkang	2021SR0656852	20 November 2020
23.	Dongyuan Shengkang Medical Logistics Material Distribution Management Platform V1.0	Guangxi Shengkang	2021SR0656851	20 November 2020

No.	Software	Registered proprietor	Registration no.	Date of registration
24.	Dongyuan Shengkang Medical Fabric Warehouse Management Platform V1.0	Guangxi Shengkang	2021SR0656390	20 November 2020
25.	Dongyuan Shengkang Medical Fabric Circulation Management Platform V1.0	Guangxi Shengkang	2021SR0656398	20 November 2020

9. Related party transactions

Save as disclosed in note 36 to the Accountant's Report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, we have not engaged in any other material related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SHAREHOLDERS

10. Directors and Supervisors

(a) Particulars of Directors' and Supervisors' service contracts

Directors

Pursuant to Rule 19A.54 of the Listing Rules, each of our Directors has entered into a service contract with our Company. The principal particulars of these service agreements include, amongst others, (i) an initial term of three years with effect from the Listing Date; (ii) termination in accordance with their respective terms; (iii) compliance of relevant laws or regulations; (iv) observance of the Articles; and (v) provisions on arbitration. The terms and conditions of each of such service agreements are similar in all material aspects.

Supervisors

Pursuant to Rule 19A.54 of the Listing Rules, each of our Supervisors has signed a service agreement with our Company. The principal particulars of these service agreements include, among others, (i) an initial term of three years commencing from the Listing Date; (ii) termination in accordance with their respective terms; (iii) compliance of relevant laws or regulations; (iv) observance of the Articles; and (v) provisions on arbitration. The terms and conditions of each of such service agreements are similar in all material aspects.

None of our Supervisors is expected to receive any other remuneration for holding their office as a Supervisor.

Pursuant to the respective service contracts, our executive Directors, non-executive Directors and Supervisors are not entitled to any service fee, while each of our independent non-executive Directors is entitled to a director's fee of HK$250,000 per annum.

Save as disclosed in the paragraph headed "Further information about Directors, Supervisors and Shareholders – 10. Directors and Supervisors" in this section above, none of our Directors or Supervisors in their respective capacity as Directors or Supervisor (as the case may be) has or is proposed to have a service agreement with any member of our Company (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

(b) Remuneration of Directors and Supervisors

(i) The aggregate emoluments paid and benefits in kind granted by our Group to our Directors and Supervisors in respect of the three years ended 31 December 2021 were approximately RMB18.2 million, RMB7.8 million and RMB9.4 million respectively.

(ii) 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) and Supervisors for the year ending 31 December 2022 are expected approximately RMB10.8 million.

(iii) There has been no arrangement under which a Director or a Supervisors has waived or agreed to waive any emoluments for each of the three years ended 31 December 2021.

(c) Interests and short positions of our Directors and Supervisors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the Global Offering

Immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, the interests or short positions of our Directors and Supervisors in our Shares, underlying Shares or debentures of our Company and 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 they are 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 notify our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

(i) Interest in our Company

			Immediately following completion of the Global Offering	
Name	**Class of Shares held after the Global Offering**	**Capacity/ Nature of interest**	**Approximate shareholding percentage in the relevant class** *(Note 1)*	**Approximate shareholding percentage in the total issued share capital of our Company** *(Note 2)*
Mr. Fan Dong *(Note 3)*	Domestic Shares	Interest in a controlled corporation	16.36	7.48

Notes:

1. The calculation is based on 30,510,000 Domestic Shares and 19,490,000 Unlisted Foreign Shares in issue immediately following completion of the Global Offering and assuming Over-allotment Option is not exercised at all.

2. The calculation is based on the total number of 66,666,667 Shares in issue immediately following completion of the Global Offering and assuming Over-allotment Option is not exercised at all.

3. Mr. Fan Dong is interested in approximately 52.74% of the equity interest in Tianjin Partnership and is therefore deemed to be interested in all the Shares held by Tianjin Partnership, by the virtue of SFO.

(ii) Interest in Tianjin Partnership

Name of Director	Capacity/ nature of interest	Equity interest	Approximate percentage of equity holding
Mr. Fan Dong	Beneficial owner	RMB1.05 million	52.74%

11. Interest discloseable under the SFO and substantial shareholders

(a) Interest of the substantial Shareholders in our H Shares

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, so far as our Directors are aware, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), other than a Director, a Supervisor or chief executive of our Company whose interests are disclosed in the paragraph headed "Interests and short positions of our Directors and Supervisors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the Global Offering" above, no person will have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and who will be expected, directly or indirectly, to be interested in 10% or more of our Shares.

(b) Interest of the substantial Shareholders of members of our Group

So far as our Directors are aware, as at the Latest Practicable Date, the following persons (other than our Company or any of its subsidiary) are entitled to exercise, or control the exercise of, 10% or more of the voting power at the general meeting of the members of our Group:

Name of our subsidiary	Name of equity holders with 10% or above equity holdings	Approximate percentage of substantial equity holder's interest
Guizhou Dongyuan	Duyun City Yingchuang Real Estate Co., Ltd.* (都勻市穎創置業有限公司)	45%
Chongqing Property Management	Chongqing Oudian Property Service Co., Ltd.* (重慶歐典物業服務有限公司)	49%

Name of our subsidiary	Name of equity holders with 10% or above equity holdings	Approximate percentage of substantial equity holder's interest
Zhengzhou Donghe	Zhengzhou Hehuan Property Management Co., Ltd.* (鄭州合歡物業管理有限公司)	30%
Zhejiang Dongyuan	Taizhou Wanhe Property Management Co., Ltd.* (台州市萬和物業管理服務有限公司)	49%
Nanchong Dongyuan	Yilong County Zebo Trade Co., Ltd.* (儀隴縣澤博商貿有限公司)	35%
Guangxi Shengkang	Mr. Li Qisheng	49%
Dongyuan Kaiyue	Sichuan Da'ai Public Facilities Management Co., Ltd.* (四川大愛公共設施管理有限公司)	49%
Guizhou Dongyuan Zhongyi	Guizhou Zhongyi Property Management Co., Ltd.* (貴州中壹物業管理有限公司)	40%

12. Disclaimer

(a) Save as disclosed in the section headed "Substantial shareholders" in this prospectus, and taking no account of any Shares which may be taken up or acquired under the Global Offering or any Shares which may be allotted or issued upon the exercise of the Over-allotment Option, our Directors are not aware of any person who will, immediately following completion of the Global Offering, have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group;

(b) Save as disclosed in the section headed "Directors, Supervisors and senior management" in this prospectus, none of our Directors, Supervisors or chief executive has any interest or short position in any of our Shares, underlying Shares or debentures of our Company or any 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 any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once our H Shares are listed;

(c) None of our Directors or Supervisor or any of the parties listed in paragraph headed "Other information – 20. Qualifications of experts" below has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any other member of us;

(d) Save as disclosed in the section headed "Continuing connected transactions" in this prospectus, none of our Directors or Supervisor or any of the parties listed in paragraph headed "Other information – 20. Qualifications of experts" below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of us;

(e) Save in connection with the Underwriting Agreements and as disclosed in the paragraph headed "Further information about Directors, Supervisors and Shareholders – 10. Directors and Supervisors – (c) Interests and short positions of our Directors and Supervisors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the Global Offering" in this appendix, none of our Directors, Supervisors nor any of the parties listed in paragraph headed "Other information – 20. Qualifications of experts" below:

   (i) is interested legally or beneficially in any securities of any member of us; or

   (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of us.

(f) Save as disclosed in the section headed "Directors, Supervisors and senior management" in this prospectus, none of the Directors or Supervisors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares of our Company falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange;

(g) None of the Directors, Supervisors, or their respective associates, or any Shareholders (who to the knowledge of the Directors owns more than 5% of our registered share capital), had any interest in our top five customers and suppliers;

(h) None of the Directors or Supervisors is interested in any business which competes or is likely to compete, either directly or indirectly, with our business; and

(i) None of the Directors or any past directors of any member of our Group or Supervisors has been paid any sum of money or shares or otherwise by any person in respect of the three years ended 31 December 2021, as an inducement to join or upon joining our Company, or as compensation for loss of office, or otherwise for services rendered by him/her in connection with the promotion or formation of our Company or the management of the affairs of any member of our Group.

13. Pre-IPO Share Award Scheme

Our Pre-IPO Share Award Scheme was adopted on 26 December 2019 (the "**Adoption Date**"), the principal terms of which are summarised below. The Pre-IPO Share Award Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Award Scheme does not involve the grant of options by our Company to subscribe for new Shares.

(i) Purpose of the scheme

The main purposes of the Pre-IPO Share Award Scheme are (i) to recognise contributions made by the Grantees (as defined below); (ii) to encourage and retain the Grantees to work with our Group; and (iii) to align the interests of the Grantees (as defined below) directly to the Shareholders through indirect ownership of Shares through equity holding in Tianjin Partnership.

(ii) Implementation

Pursuant to the Pre-IPO Share Award Scheme and prior to the Global Offering, the current Directors and employees of our Group (each, a "**Grantee**") as set out in the table below were awarded the entire equity interests of Tianjin Partnership amounted to RMB1,994,700, in aggregate, at the date of the grant. Each of the Grantees are the ultimate beneficial owners of their respective equity interests in Tianjin Partnership. The voting right of each of the Grantees are ranked *pari passu*. Tianjin Partnership subsequently invested the whole of such capital contributions to our Company, representing approximately 7.48% of the enlarged issued share capital of our Company immediately following completion of the Global Offering and not taking into account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Over-allotment Option. The entire equity interests in Tianjin Partnership have been unconditionally vested and subscribed by the Grantees in cash on 26 December 2019. Our Company did not provide any financial resources for the subscription.

A summary of the Grantees is set out below:

Name of the Grantee	Position held within our Group	Consideration	Equity holding in Tianjin Partnership
		(RMB)	*(%)*
Yuan Lihua (袁利華)	Senior file manager of our Company	1,007.55	0.05
Liao Bin (廖斌)	Administrative supervisor of the human resources and administration department of our Group	1,007.55	0.05
Fan Dong (范東)	Co-chief executive officer of our Company (For details of Mr. Fan Dong, please refer to the section headed "Directors, Supervisors and senior management" in this prospectus)	1,051,925.43	52.74
Liu Xing (劉興)	Chief financial officer of our Company (For details of Mr. Liu Xing, please refer to the section headed "Directors, Supervisor and senior management" in this prospectus)	741,649.37	37.18
Zhang Li (張莉)	Assistant general manager of the quality control department of our Group	31,185.92	1.56
Tang Shengwei (唐盛偉)	Regional general manager (Eastern China) of our Group	31,185.92	1.56
Shen Mingwei (申明偉)	Senior director of the market development team of our Group	31,185.92	1.56
Liang Jinqiang (梁金強)	Regional general manager (Central China) of our Group	31,185.92	1.56
Yang Suili (楊祟禮)	Regional general manager (Western China) of our Group	31,185.92	1.56

Name of the Grantee	Position held within our Group	Consideration	Equity holding in Tianjin Partnership
		(RMB)	*(%)*
He Qingmin (何慶敏)	Director of the pre-delivery service technology center of our Group	14,393.50	0.72
Qiao Yu (肖宇)	General manager of the Southwestern branch of GSN Shanghai	14,393.50	0.72
Huang Gang (黃剛)	Regional general manager (Southwestern China) of our Group	14,393.50	0.72

Save for the above, no further Shares had been awarded under the Pre-IPO Share Award Scheme and no further Shares will be awarded thereunder on or after the Listing Date. There is no triggering event for forfeiture of the awarded shares.

(iii) Alteration and termination of the Pre-IPO Share Award Scheme

The Pre-IPO Share Award Scheme may be amended by Dima provided that no such amendment shall operate to affect adversely any subsisting rights of any Grantee thereunder. The Pre-IPO Share Award Scheme shall commence on 26 December 2019 and shall remain valid and effective and continue after Listing unless terminated by Dima. Notwithstanding the foregoing and without prejudice to any subsisting rights of any Grantee, Dima may at any time terminate the Pre-IPO Share Award Scheme.

OTHER INFORMATION

14. Estate duty, tax and other indemnities

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

Our Controlling Shareholders (together, the "**Indemnifiers**") have entered into a Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) (being a material contract referred to in paragraph 7 above) to provide indemnities on a joint and several basis in respect of, among other matters, tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

(a) to the extent that provision has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 31 December 2021;

(b) to the extent that such taxation liability is incurred in the ordinary course of business of any member of our Group after 31 December 2021 or relates thereto;

(c) to the extent that such taxation liability is incurred in any transaction which any member of our Group engages in after the Listing Date or relates thereto;

(d) to the extent that such taxation liability is incurred as a consequence of or in connection with any legally binding agreement or commitment entered into or created by any member of our Group on or before 31 December 2021;

(e) to the extent that such taxation liability is incurred solely because of or in connection with any act or omission by any member of our Group after the Listing Date; or

(f) to the extent that such taxation liability is incurred solely as a consequence of any retrospective amendment or change in the applicable laws, rules or regulations or the interpretations thereof by any relevant taxation authority coming into force after the Listing Date or as a consequence of any increase in the applicable taxation rates after the Listing Date with retrospective effect.

Under the Deed of Indemnity, each of the Indemnifiers has also undertaken to us that it will indemnify and at all times keeps us fully indemnified, on a joint and several basis, from (i) any loss and/or damages incurred by us as a result of non-filing of APP Service as described in the section headed "Business – Standardisation and digitisation" in this prospectus; (ii) any loss and/or damages incurred by us as a result of non-filing of relevant lease agreements as described in the section headed "Business – Properties" in this prospectus; and (iii) any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with the non-compliance incidents of the relevant PRC laws and regulations by any member of our Group in the PRC as described in the section headed "Business – Legal proceedings and non-compliance" of this prospectus.

15. Litigation

Save as disclosed in section headed "Business – Legal proceedings and non-compliance" of this prospectus, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on our results of operation or financial condition of our Group.

16. Preliminary expenses

We have not incurred preliminary expense.

17. Promoter

The promoters of our Company are Tianjin Chengfang, Tianjin Partnership, Kingdom Vast and Harvest Property.

Within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to any promoters of our Company named above in connection with the Global Offering or the related transactions described in this prospectus.

18. Agency fees or commissions received

The Hong Kong Underwriters will receive an underwriting commission of 2.3% of the aggregate Offer Price payable for H Shares initially offered under the Hong Kong Underwriting Agreement. For unsubscribed H Shares reallocated to the International Offering, we will pay a placing commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters.

19. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in, our H Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option, on the Stock Exchange. All necessary arrangements have been made to enable our H Shares to be admitted into CCASS.

The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor's fees payable by us in respect of the Sole Sponsor's services as sponsor for Listing is RMB5.5 million.

20. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualification
Guotai Junan Capital Limited	Licensed corporation under the SFO and permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
AllBright Law Offices	Qualified PRC lawyers
China Index Academy	Independent industry consultants

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

21. Consents of experts

Each of the experts as set out in paragraph 20 above has given and has not withdrawn their respective written consent to the issue of this prospectus with the inclusion of their respective report and/or letter and/or legal opinion (as the case may be) and the references to their respective names or summaries of opinions included herein in the form and context in which they respectively appear.

22. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Miscellaneous) Ordinance so far as applicable.

23. Taxation of holders of H Shares

Dealings in H Shares registered on our Company's H Shares register of members will be subject to Hong Kong stamp duty. Intending holders of H Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in H Shares. It is emphasised 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 H Shares resulting from their subscription for, purchase, holding or disposal of or dealing in H Shares.

Profits from dealings in our H Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty, the current rate of which is 0.26% of the consideration or, if higher, the value of our H Shares being sold or transferred. Information in relation to taxation is set out in Appendix III to this prospectus.

24. Miscellaneous

(a) Save as disclosed in the sections headed "Share capital" and "Structure of the Global Offering" in this prospectus:

(i) within two years preceding the date of this prospectus:

(aa) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(cc) no commission (except commissions to the Underwriters) has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries;

(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) there are no arrangements under which future dividends are waived or agreed to be waived;

(iv) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(v) our Company has no outstanding convertible debt securities or debentures;

(vi) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(vii) our Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited liability company and does not expect to be subject to the Law of the PRC on Sino-foreign Equity Joint Ventures;

(viii) the English text in this prospectus shall prevail over the Chinese text;

(b) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2021 (being the date to which the latest audited consolidated financial statements of our Group were made up); and

(c) our Directors confirm that 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.

25. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses for Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were a copy of the **GREEN** Application Form, the written consents referred to in the section headed "Statutory and general information – Other information – 21. Consents of experts" of Appendix VI to this prospectus and certified copies of the material contracts referred to in the section headed "Further information about the business of our Company – 7. Summary of material contracts" of Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.dowellservice.com** for 14 days from the date of this prospectus (both dates inclusive):

(a) the Articles of Association in Chinese;

(b) the Accountant's Report of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the letter from PricewaterhouseCoopers on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(d) the consolidated financial statements of our Group for each of the three years ended 31 December 2021;

(e) the PRC Company Law, the Special Regulations and the Mandatory Provisions together with the unofficial English translations thereof;

(f) the legal opinions prepared by our PRC Legal Advisers in respect of certain aspects of our Group and the property interests of the Group in the PRC;

(g) the industry report prepared by CIA referred to in the section headed "Industry overview" in this prospectus;

(h) the material contracts referred to in the section headed "Further information about the business of our Company – 7. Summary of material contracts" in Appendix VI to this prospectus;

(i) the written consents referred to in the section headed "Other information – 21. Consents of experts" in Appendix VI to this prospectus; and

(j) the service contracts and letters of appointment referred to in the section headed "Further information about Directors, Supervisors and Shareholders – 10. Directors and Supervisors – (a) Particulars of Directors' and Supervisors service contracts" in Appendix VI to this prospectus.

東原仁知城市運營服務集團股份有限公司
DOWELL SERVICE GROUP CO. LIMITED*