

OUR POSITIONING

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

OUR MISSION

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

OVERVIEW

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

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

To date, our service offering includes:

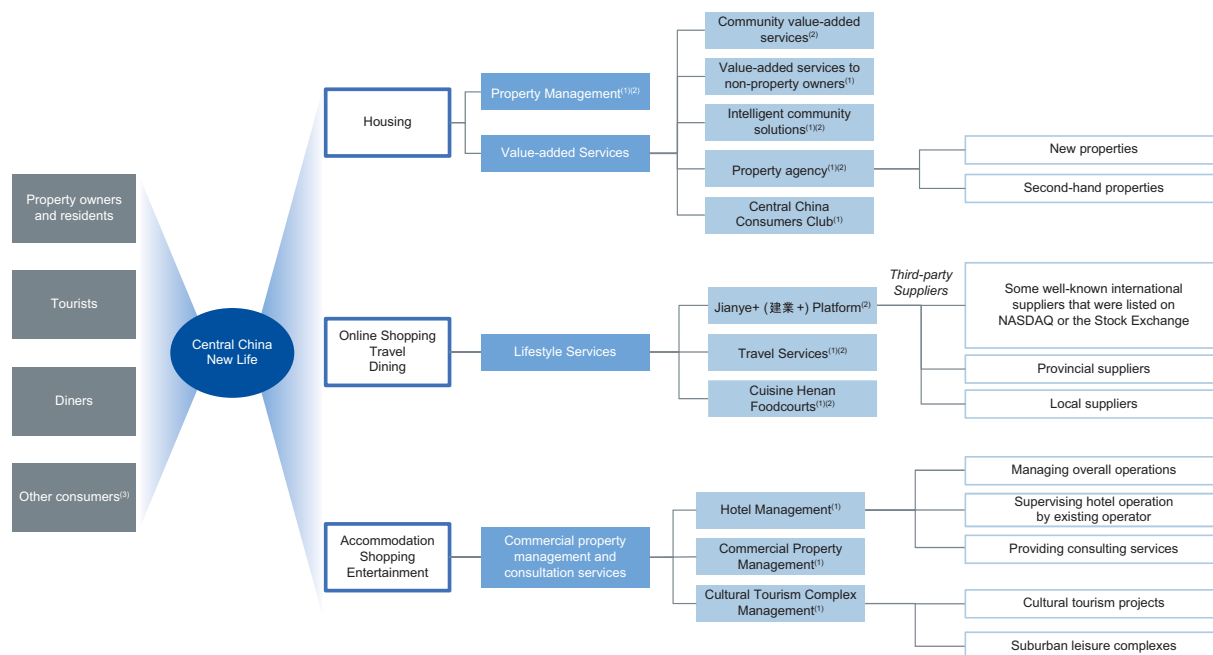
- Property management and value-added services: We provide property management and related value-added services, community value-added services, value-added service to non-property owners, property agency services, intelligent community solutions, and personalized services to VIPs of the Central China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

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

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



Notes:

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

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

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

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

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

COMPETITIVE STRENGTHS

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

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

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

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

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

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

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

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

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

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

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

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

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

Largest property management service provider in central China

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Business Strategies

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

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

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

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

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

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

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

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

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

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

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

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

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

Enhance our commercial property management and consultation services

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

Further improve management and operational efficiency by leveraging advanced technologies

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

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

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

OUR BUSINESS MODEL

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

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

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

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

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

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

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

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

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

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

PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES

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

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

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

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

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

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

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

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Property Management

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

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

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

Scope of Services

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

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

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

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

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

GFA under Management

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

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

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

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

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

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

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

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

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

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

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

Note:

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

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

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

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

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

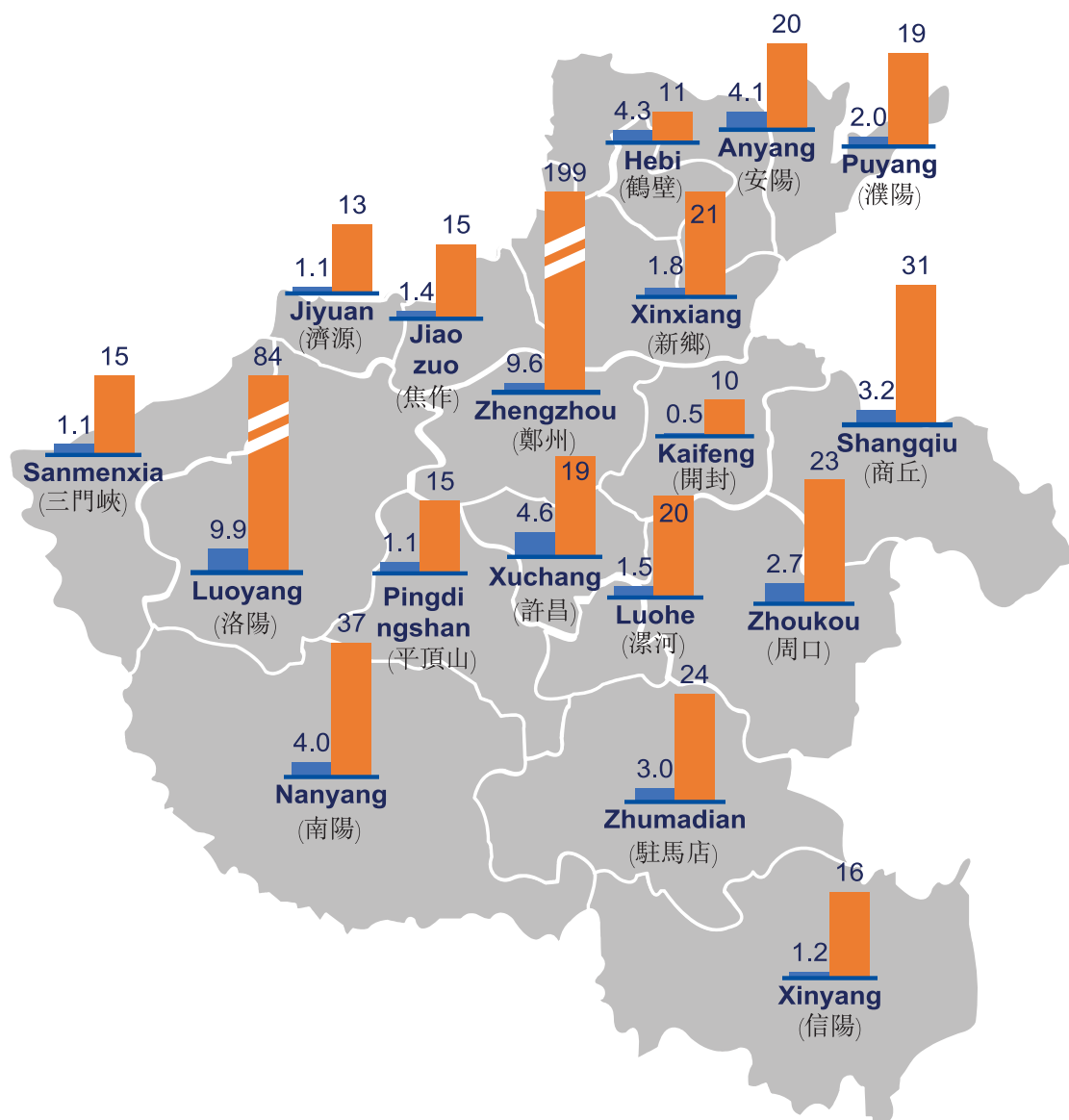
	Contracted GFA	Number of contracts ^(Note 1)	Number of properties	GFA under management	GFA contracted but not yet under management
	Sq.m.'000			Sq.m.'000	Sq.m.'000
As of January 1, 2019	70,347	370	285	25,688	44,659
New property management services agreements entered into for the year ended December 31,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

Notes:

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

Geographic Presence

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



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

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

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

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

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

Property Management Contracts

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

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

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

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

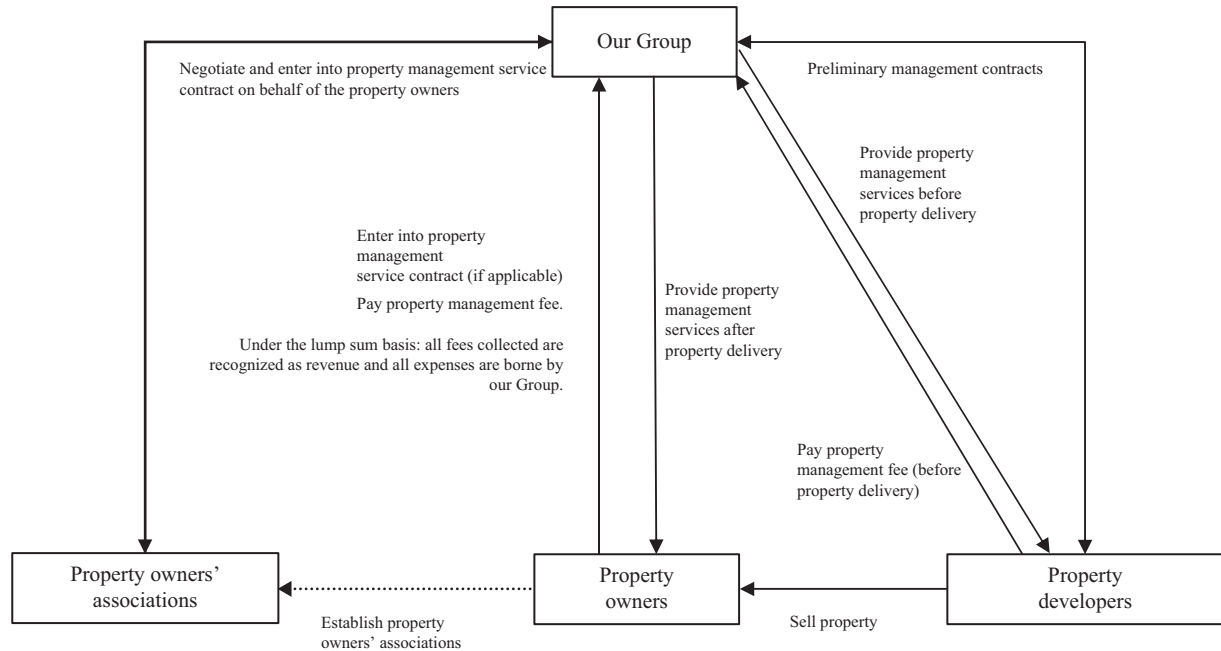
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30%; or (c) the preliminary property management agreement is either terminated by the property management company i) in accordance with the terms set out in the agreement, or ii) 90 days before the expiration of the preliminary property management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

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

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



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

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

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

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

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

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

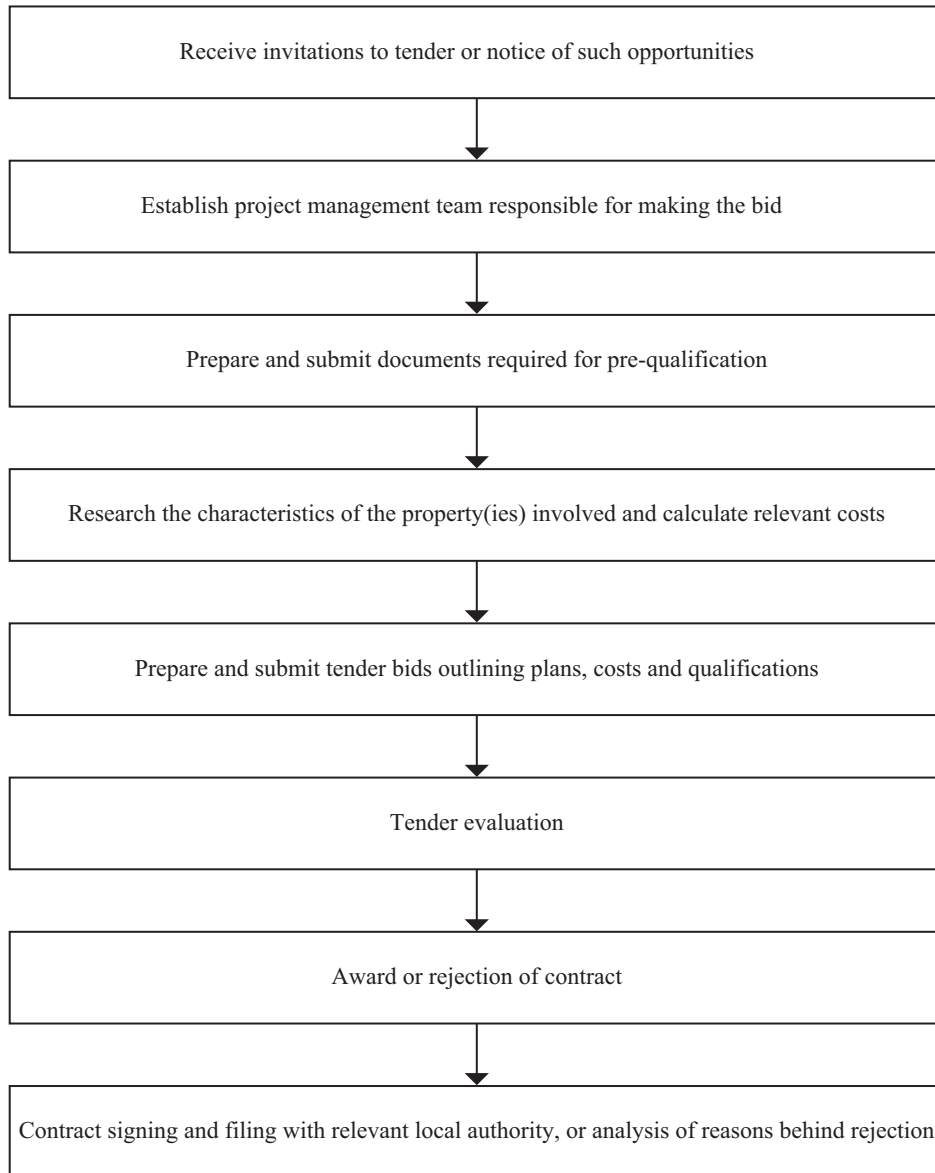
Tender Process

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

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

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



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

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

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

Portfolio of Properties under Management

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

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

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

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

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

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

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

Property Management Fees

Our property management fees were mainly charged on a lump sum basis during the Track Record Period. According to CIA, the “lump sum” model for property management fee is the dominant model in the property management industry in China, especially for residential properties. For cultural tourism complexes, our property management fees were charged on the basis of an expected cost plus margin. Please see “Industry Overview—Property Management Industry in the PRC and Henan—Overview” for details.

Lump Sum Basis

We mainly charge a pre-determined fixed amount as the property management fee on a monthly basis which represents “all-inclusive” fees for all of the property management services we provide in accordance with our pricing policy. We are entitled to retain the full amount of property management fees received from property developers and property owners and residents. We bear the costs of managing properties, and recognize such costs as our cost of sales, which include expenses associated with our staff involved in providing property management services, maintenance and repair of communal areas, facilities management, cleaning and garbage disposal and security. As a result, reducing the costs incurred in the provision of management services to a property has a direct impact on our profitability.

We have established various internal measures to reduce cost, including the implementation of tool automation, resource platformization, service standardization and operation digitalization. Please see “—Technology—Tool Automation, Resource Platformization, Service Standardization and Operation Digitalization” in this section for more information. If the amount of property management fee we collect during the term of a contract is not sufficient to cover all the expenses incurred, we are not entitled to request property developers or property owners and residents to pay us the shortfall. During the Track Record Period, we incurred losses of approximately RMB0.7 million, RMB0.9 million and RMB0.5 million with respect to 5, 4 and 5 properties out of the 326 properties we managed as of the Latest Practicable Date respectively. Such losses were incurred primarily because the property management fee rate for the properties concerned was lower than our average property management

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fee rate which was charged at a pre-determined lump sum basis, with a minimum of 10% profit taken into account at the time, that represented an all-inclusive fee and we have not increased such fee rate for such properties since we commenced providing management services to these properties whereas the labor costs of managing such properties have increased over the years as these property management service contracts were obtained at a relatively early stage when we first commenced our business. For more information, please see “Risk Factors—Risks Relating to Our Business and Industry—We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis” in this prospectus.

Pricing Policy for Property Management Fee

We generally price our property management fee based on a pre-determined set of variables affecting our cost in accordance with our Property Management Fee Pricing Forecast Guidelines (物業管理費定價預測指引). The general requirement is to consider all the costs of the property management project, taking into account its various stages. The fee has to reflect the actual condition of the property and be applicable on a longer-term basis. In general, we require a minimum benchmark percentage of 10% as profit when determining our property management fee. In addition, we may consider an add-on fee for our value-added services provide to our customers. In determining the add-on fee, we consider factors specific to the property in question, such as the number of units in the property, the number of gates and main entrances and the diversion of pedestrians and traffic. These factors are closely related to the property management service we provide and require our effort to design and implement adequate measures to effectively manage the property. Furthermore, we take into account the number of employees required to manage the designated area, the necessary cleaning and gardening personnel and the potential outsourcing required to fulfill our contractual obligations.

During the Track Record Period, the average property management fee rate charged for the residential properties we manage was approximately RMB1.73 per sq.m./month, RMB1.89 per sq.m./month and RMB1.82 per sq.m./month, respectively. During the Track Record Period, as a result of the quality services we provided, we successfully increased the property management fee rates for 17 properties under management by an average of approximately 41.8%. Our collection rate of property management fees, calculated by dividing the property management fees we actually received during a period by the total property management fees payable to us accumulated during the same period, was approximately 85.9%, 89.6% and 90.1%, respectively, during the Track Record Period. According to CIA, one of our industry consultants, the average historical collection rate of the Top 100 property management companies in Henan Province was approximately 90.7% and 91.0% for the years ended December 31, 2017 and 2018, respectively. Our collection rate of our property management fees was lower than the Top 100 property management companies in Henan Province for the years ended December 31, 2017 and 2018 due to different lifestyle, cultural and payment habits of the respective property owners in different locations and also partially due to our inadequate internal control policies in following up with the respective residents. In 2014, as the government promulgated a new regulation abolishing pricing control policies in relation to, among others, property management services, we have progressively implemented various measures to rectify the inadequacies of our internal control in relation to our collection rate of property management fees to address the different cultural and payment habits of the residents so that we could be benefitted from the new regulation. As such, we have implemented the following measures to improve our collection rate of our property management fees: (i) our Group would provide additional services to communities under our management that have a lower occupancy rate such as, examination and maintenance of personal computers, cleaning of air-

conditioners and inspection of gas stoves to enhance both our service quality and our relationship with the occupants which in turn would increase their satisfaction rate of our property management services and increase their willingness to make timely payments for property management fees; and (ii) we had put in place an internal incentive policy and award schemes to reward our staff for their continued efforts in following up with the respective property owners in respect of the outstanding property management fees. As a result of the measures implemented, we have experienced a positive impact on our collection rate of property management fees and we had a collection rate of 90.1% for the year ended December 31, 2019.

As advised by our PRC Legal Advisors, the price administration and construction administration departments of the State Council are jointly responsible for supervision over and administration of fees charged for property management and related services to pricing controls issued by the PRC government. For more information, please see the section entitled “Regulatory Overview—Legal Supervision over Property Management Services—Fees Charged by Property Management Enterprises” in this prospectus. We expect that pricing controls on residential properties will relax over time as relevant local authorities pass regulations to implement the Circular of NDRC on the Opinions on Relating Price Controls in Certain Services (《國家發改委關於放開部分服務價格意見的通知》). For more information, please see “Risk Factors —We are susceptible to changes in the regulatory landscape of the PRC, particularly Henan province” in this prospectus.

Payment Terms and Credit Terms

We generally charge property management fees on a monthly, quarterly, semi-annually or annually basis and we typically send out notices in advance for the payment of the fees for properties we manage semi-annually pursuant to the property management contracts entered into between our Group and the property owners or property owners’ association. The fees from property management services are due for payment by property owners upon our issuance of a demand note. We typically receive payment for our property management services within 30 days after the issuance of the demand note to property owners. For details about our accounting policies regarding trade receivables, please see the section entitled “Financial Information—Critical Accounting Policies and Accounting Estimates and Judgements—Impairment of Financial Assets” in this prospectus.

The property owners can pay the amount payable to us in cash, through online or offline transfer, auto-pay, credit card or third party mobile payment platforms such as Alipay or WeChat Pay. In order to ensure the timely collection of the property management fees and other payments, we have undertaken a number of measures. Before the property management fees are due, the responsible employees in respective communities will analyze, calculate and consolidate the amount of overdue management fees. For overdue management fees, a dedicated employee will be assigned and be responsible for collection. Butlers in respective communities will also request for payment in person after the fee has been overdue for one to three months. Generally, if the overdue management fee has not been paid after three months, we will post an overdue fee payment demand on the door of the property in question. If the overdue management fee has not been paid after half a year, we will send a formal letter from our lawyer. If we are still unable to collect overdue management fee after exhausting all avenues mentioned above, we may bring the dispute to court as a last resort.

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Value-added Services

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

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

Community Value-added Services

To distinguish ourselves from other property management companies and establish the standard for high-end property management service, we actively seek to gain a more comprehensive and deeper understanding of the needs of owners and residents and anticipate their demands. Leveraging on the synergy between our online one-stop service platform and offline community services in properties developed by the CCRE Group and its associates or joint ventures, we are able to service online requests at offline locations which are convenient to our customers. For example, residents in communities which we manage may order fresh produce using our Jianye + (建業+) mobile app, and pick up at the nearby service kiosk in the community. Our community value-added services attend to the requests of residents on an around-the-clock basis with the goal of building a trusting community among owners and residents who can depend on the high standards of our property management services. The community value-added services we offer include the following:

- *Clubhouse.* We provide clubhouse services in selected properties including offering conference rooms, restaurants, cinemas, entertainment facilities and fitness centers.
- *Interior repair and maintenance.* We provide interior repair and maintenance services including repairing home appliances, electric equipment, and other fixtures in the property. We utilize the QPI maintenance dispatch system, which accepts a repair order and centrally coordinate the respective staff to provide timely repair service.
- *Housekeeping and cleaning.* We provide residents with housekeeping and cleaning services.
- *Vehicle cleaning and charging.* We provide vehicle cleaning service to car owners. We have also installed charging stations for electrical vehicles.
- *Drinking water.* We engage selected vendors to install drinking fountains around our communities and we conduct monthly water quality testing and equipment maintenance.
- *Group purchase.* We integrate reputable vendors to organize group purchases for major holidays to provide property owners and residents with reasonably-priced, high-quality products and services.
- *Furnishing.* We offer furnishing service to new property owners, such as installation of intelligent home devices and decoration.
- *Item pick up.* We offer self-service kiosks so residents can pick up deliveries at their convenience. In some communities, our platinum butlers collect items on behalf of our residents.

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- *Property purchase service outside Henan.* We plan to launch services in the foreseeable future to help individual customers purchase properties outside Henan, such as Hainan province, Yunnan province, Zhuhai and cities in Europe.
- *Platinum Butlers.* We have a group of platinum butlers who provide customized services to our residents in some of the residential communities. They attend to the needs of our residents and provide tailor-made personal services. Some of our platinum butlers have gone through training and received certificates issued by the U.K. Butler Guild. We believe that our platinum butlers' knowledge and expertise in property management, combined with their ability to serve with attention to detail, allow them to provide our residents with most exclusive and personalized service. As of December 31, 2019, we had 161 platinum butlers serving our residents in the properties we managed.

Value-added Services to non-property owners

We provide value-added services to non-property owners, who are primarily property developers, including:

- *Onsite sales assistance.* We provide onsite sales assistance through vetting, selecting and introducing service providers to property developers that cater to the needs of the specific project. We supervise and monitor the work of such service providers and also provide training if necessary. We charge a fee calculated based on a percentage of the cost of the service provided. We assist in the preparation of marketing activities and deploy staff on-site to provide sales assistance, including visitor reception. We also supervise the cleaning, security and maintenance of the display units.
- *Consultancy.* We provide consultation and advice to property developers at various phases of their operations. Property developers engage us at the development stage of their properties so they can leverage our property management expertise to effectively design the properties to be developed. We are regularly invited to advise on various aspects of the properties which may affect the quality of property management services that residents will receive.
- *Property inspection.* We provide property inspection service to property developers according to applicable national quality standards. We advise on quality control in order to assist property developers in ensuring the quality of the properties they develop. The scope of our assessment covers appearance, quality, measurement, electrics, waterproofing, watertightness and heating systems of units and communal areas.

Major terms of our value added services to non-property owners

	<u>Onsite sales assistance</u>	<u>Consultancy</u>	<u>Property inspection</u>
Scope of service	We provide property management service to property developers at their marketing sites.	We provide consultation and advice to property developers at various phases during the developing stage of their properties.	We provide property inspection service to property developers in order to assist them in ensuring the quality of the properties they developed.

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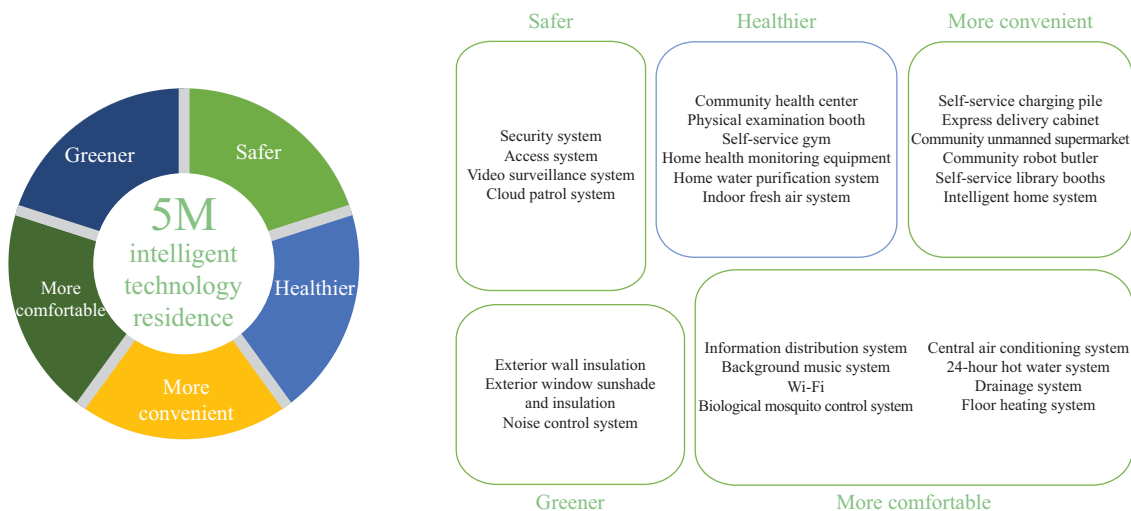
	<u>Onsite sales assistance</u>	<u>Consultancy</u>	<u>Property inspection</u>
Fees	We generally charge a fixed monthly fee which represents (i) labor costs (basic salary, employee benefits and overtime bonus); (ii) value-added tax; and (iii) a certain percentage of the sum of items (i) and (ii) aforementioned as the management fee.	We generally charge a fee calculated based on the size of the total construction area.	We generally charge a fee calculated based on the size of the construction area.
Payment/credit term	We generally issue bills to the Client on a monthly basis before the second day of each month. The Client generally settles the payment within ten days through bank wire transfer.	The payment is generally settled in two installments: (i) 50% is paid after the overall planning is confirmed, and (ii) 50% is paid four months before the delivery.	The Client generally settles the payment within a month after the completion of the inspection through bank wire transfer.
Obligations of our Group ...	We shall (i) provide professional training to our management and service staff, and (ii) not subcontract the overall management to third party.	We shall provide the consultancy service timely in accordance with the agreed developing phases.	We shall collect the assessment material and issue the inspection report.
Obligations/rights of the Client	The Client shall (i) provide necessary facilities, food and accommodation to our management and service team, and (ii) pay the service fees in a timely manner.	The Client shall (i) coordinate and organize supervision teams and construction teams to cooperate with our work, and (ii) pay the consultancy fees in a timely manner.	The Client shall review the inspection report and supervise the construction team to follow up on any quality issues.
Term of Contract	Typically lasts for one year.	Typically lasts from planning phase to delivery phase of the project.	Typically lasts for one month.
Cost Structure	The cost structure under such service includes wages, training costs, travel costs, attire costs, rent and other related costs incurred in respect of the onsite managers, customer service staff, security guards, cleaning and maintenance personnel.	The cost structure of which includes wages, travel costs, training costs, reporting and research costs on personnel involved in the early stage; wages of personnel responsible for acceptance and providing consulting services; labor.	The cost structure under such service includes wages, travel costs, training costs incurred in respect of the relevant personnel involved in property inspection.

Our five largest customers for our value-added services to non-property owners during the Track Record Period mainly consisted of Henan property developers, including a mix of Independent Third Parties as well as members of the CCRE Group and its associates or joint ventures.

Intelligent Community Solutions

We provide intelligent community solutions to property developers and intelligent home devices to property owners.

We aim to transform the properties we manage into “5M communities”; communities that are safer, healthier, more convenient, more comfortable and greener, by making all-round technology and service upgrades with the use of advanced information technology.



In a “5M community,” we connect all intelligent facilities to an integrated platform through IoT, to achieve centralized management. Through such centralized management, we can improve operational efficiency and reduce labor costs.

Our “5M community” comprises over 30 systems and more than 100 types of hardware, such as visual operation and management system, mobile phone service system, AI surveillance system, vehicle management system, bio face recognition system, community health management system, environmental management system, cloud video intercom system, emergency call system, elevator control system, background music system, cloud patrol system, wifi coverage system, community self-service system and temperature control system, among others. As of December 31, 2019, we provided intelligent community solutions in 143 residential communities.

Our intelligent community solutions include three major types of services, namely:

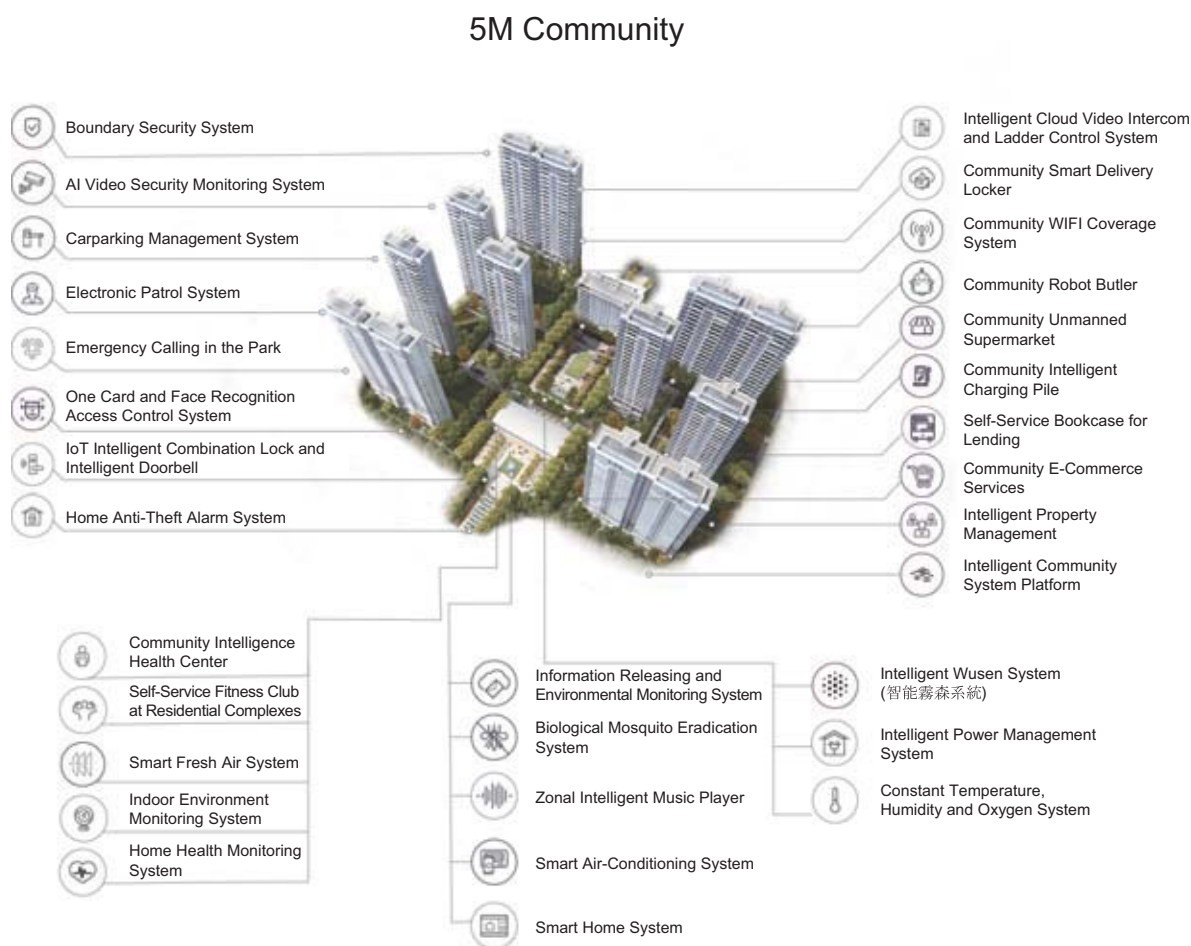
- *Consultation.* We provide customized consultation to properties including residential properties, and commercial properties. For residential communities, we assist property developers in planning, designing and construction supervision. Through consultation, we provide specific and comprehensive intelligent community solutions to customers. We usually charge a consultancy service fee on a per sq.m. basis based on the type of the property.
- *Installation and engineering.* We provide installation, repair and maintenance services necessary for the establishment of intelligence communities. We install various intelligent

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devices in community according to construction drawings and checklists. We also provide after-sale service regarding the repair and maintenance of on-going use of intelligent devices. We charge based on the number of facilities and volume of work needed.

- *System integration and development.* We provide customized system integration and development services based on customer needs, such as the visual management platform, operation and management platform, and data analysis platform. Such systems and platforms assist customers in their decision-making process and daily operations. Typically we charge based on the cost of development, which is affected by functional requirements.

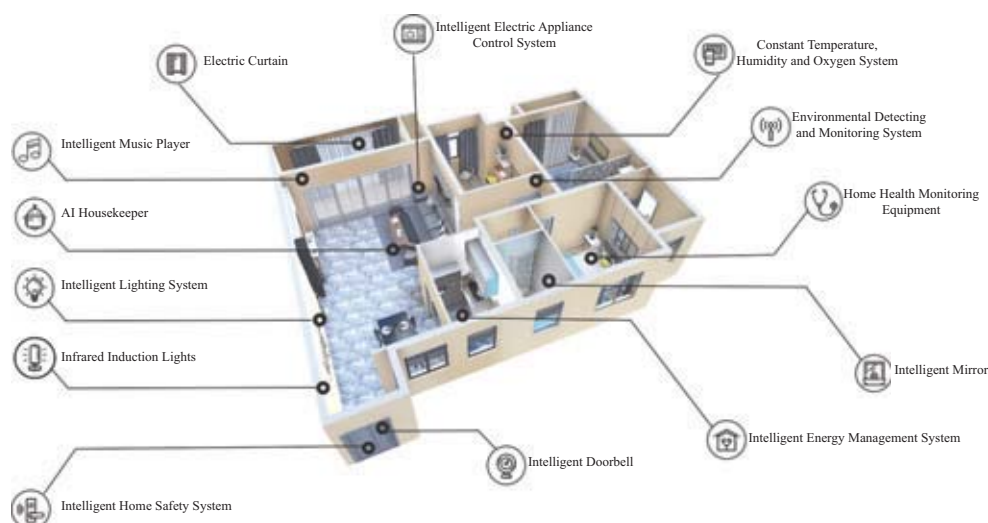
The diagram below illustrates examples of intelligent community facilities we provide:



We also install intelligent home devices for property developers upon request, including systems such as home security solutions, door locks, indoor scene panels, indoor control centers, electric appliances control, indoor lighting solutions, intelligent mirror with a control panel built in, AI housekeeper, electric curtain and music player. Our in-home security cameras and security settings are linked to the Jianye + (建業+) mobile app, allowing residents to remotely control security settings based on different conditions. In addition, residents may utilize our indoor control center, which gives them access to a variety of services through our Jianye + (建業+), among other mobile apps, such as shopping, community notices, indoor elevator control, emergency calls and one-click repair request.

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The diagram below illustrates examples of intelligent home devices we provide:



With regards to an intelligent home, we typically charge on a project basis. The price usually includes the installation of intelligent home security, auxiliary health system, indoor lighting solutions, automatic door and window control, energy management system, intelligent electrical appliance control, audio and video entertainment system, human-computer interaction system, *etc.*

Property Agency

We commenced our property agency service in 2010. Our property agency team offers feasibility studies, marketing planning, sales consultancy and distribution channel development and integration services. We provide property agency services with respect to both new properties and second-hand properties. We act as a sales agent for property developers, sourcing potential property buyers and assisting property developers in entering into property sale and purchase agreements with buyers. We reach out to potential buyers through our network of property management offices located across the central China region. Leveraging the active engagement and close relationships we have established through years of property management, we have accumulated a network of potential buyers. We cooperate with business customers in the following ways: (i) we cooperate with the CCRE Group at the group level to sell certain properties it or its associates or joint ventures develop; (ii) we cooperate with third-party developers to sell properties they develop on specific projects; (iii) we have established a cooperation platform for property agencies in Henan to further expand our network and provide consultancy and training services to them; and (iv) we establish joint ventures with third-party property developers to sell the properties they develop. We generally charge the property developers a percentage of the sales amount of the property concerned. The payment is generally settled by installments: (i) a fixed amount is paid during the preparation stage (if any), (ii) a commission is paid on a monthly basis, and (iii) the rest (if any) is paid after the completion of the agreement. Our property agency contracts typically last until all or a certain percentage of the properties are sold.

We also assist individual customers in the sale and purchase of second-hand properties and property leasing. We plan to launch services in the foreseeable future to help individual customers who live in Henan purchase properties outside Henan, such as Hainan province, Yunnan province, Zhuhai and cities in Europe. Upon the closing of a successful property leasing transaction, we charge the landlord and/or tenant a service fee calculated based on the rental price. We believe our property

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agency service not only increases our revenue, but also expand our customers base and creates cross-selling opportunities for other services.

Major terms of our property agency services

	New property agency	Second-hand property agency	
		Leasing	Sale and purchase
Scope of service	We act as a sales agent for property developers, sourcing potential property buyers and assisting property developers in entering into property sale and purchase agreements with buyers.	We assist landlord and tenant in property leasing, including sourcing potential tenants and properties and handling the signing of leasing agreements.	We assist sellers and buyers in the sale and purchase of second-hand properties.
Fees	We generally charge a fixed commission equivalent to a certain percentage of the sales amount under the property sales agreement. Currently, the commission rate ranges from 0.5% to 2.0%.	We generally charge a fixed agency fee equivalent to the rent for one month under the leasing agreement, but there might be discounts as the case may be.	We generally charge a fixed agency fee equivalent to approximately 2% of the sales amount under the sale and purchase agreement, but there might be discounts as the case may be.
Payment/credit term	We generally issue bills to the Client on a monthly basis and the Client settles the payment within a certain days. The rest of the commission (if any) is paid after the completion of the agreement.	The payment is settled by the landlord and/or tenant when the leasing agreement is signed.	The payment is settled by the seller and/or buyer when the sale and purchase agreement is signed.
Obligation of our Group	We shall (i) develop marketing strategies and prepare marketing materials, and (ii) assist the Client and property buyers in signing the sales and purchase agreements and assist the buyers in paying the first installment.	We shall prepare the leasing documents according to property standards and regulations.	We shall (i) conduct background checks to confirm the identities of the seller and buyer, and (ii) prepare the sale and purchase documents according to property standards and regulations.

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	Second-hand property agency		
	New property agency	Leasing	Sale and purchase
Obligations/rights of the Client	The Client shall be responsible for applying for all requisite documents and certificates for property development and pre-sales, and shall ensure the legality of the project.	The landlord and tenant shall pay the agency fee in accordance with the agreement.	The seller and/or buyer shall pay the agency fee in accordance with the agreement.
Term of Contract	Typically lasts until all or a certain percentage of the properties are sold.	Typically lasts during the leasing term in accordance with the leasing agreement.	Typically lasts until the sale and purchase agreement is executed.
Cost structure	The cost structure for our agency services for both new and second-hand properties include wages (basic salary, a certain percentage of commission, employee benefits) accounting for a larger proportion, travel expenses and reception fees.		

Our five largest customers for our property agency services during the Track Record Period consisted of individual property owners (Independent Third Parties), property developers (including Independent Third Parties as well as members of the CCRE Group and its associates or joint ventures) as well as cultural tourism operation and management company.

Central China Consumers Club

The Central China Consumers Club, or the CCCC, was established in 2016 by the CCRE Group to provide benefits, privileges and exclusive customer services to its members. Members are generally selected VIP clients of the CCRE Group and members are generally enrolled by invitation or through referral only. CCCC members include elites and celebrities in Henan.

We charge the CCRE Group a fixed monthly management fee calculated based on the number of members in the CCCC and additional fees for organizing special events. As of December 31, 2019, the CCCC had over 10,000 members and organized over 2,400 member-only events. The CCCC also partnered with 66 vendors as of December 31, 2019 to provide membership benefits and privileges. We have designed and implemented “CCCC Lifestyle Platform (君鄰幸福系統),” which allows our CCCC members to form social groups or clusters, enjoy exclusive privileges such as discount and service offerings from local vendors, attend knowledge-sharing events and presentations arranged by us, and other customized services.

The CCCC operates through our Jianye + (建業+) platform and our team of “*Gentil Organisateur*” (“G.O.”, *i.e.* goodwill organizers). Each member is paired with a designated G.O. who provides personalized service to that particular member. The G.O. serves as an ambassador for the particular member to enhance constructive communications between the individual member, the member’s cluster and the rest of the CCCC. Our G.O. assists members in integrating into the Jianye + (建業+) platform, select suitable events and encourage participation through understanding the needs of members. They will also resolve disputes and answer queries of members in relation to issues they may have.

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For the years ended December 31, 2018 and 2019, we generated revenue of RMB6.8 million and RMB47.2 million from the operation of the CCCC.

LIFESTYLE SERVICES

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

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

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

Notes:

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

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

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
The CCRE Group and its associates or joint ventures . . .	5,263	22.0	14,691	23.6	62,206	20.2
Independent Third Parties	17,778	74.5	47,300	76.1	246,369	79.8
One Family Network ^(Note 1)	836	3.5	188	0.3	—	0.0
Total	<u>23,877</u>	<u>100.0</u>	<u>62,179</u>	<u>100.0</u>	<u>308,575</u>	<u>100.0</u>

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

The revenue from lifestyle services attributable to the CCRE Group, its associates or joint ventures increased steadily during the Track Record Period, which was driven by the increase in demand for our travel services from the CCRE Group, its associates or joint venture during the Track Record Period.

The Jianye + (建業+) Platform

The Jianye + (建業+) platform (which we acquired in 2019 and was first launched in 2015 by the CCRE Group) is an O2O one-stop service platform which integrates our internal and external,

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online and offline resources in order to provide our customers with convenient and more affordable goods and services. It aims to meet the diverse daily needs of all our Jianye + (建業+) registered users and members around the clock. Please refer to the section headed “History, Reorganization and Corporate Structure” in this prospectus for further information. Our Jianye + (建業+) platform primarily targets the people in Henan. Jianye + users include (i) individual users that can be owners or residents in residential communities under our management and other independent third party individuals that are neither owners nor residents of the properties under our management; and (ii) corporate customers. Anyone can register as a user and verify their mobile phone numbers upon installation and usage of the mobile app, which is a key component and main interface to our Jianye + (建業+) platform. Due to the nature of services we provide to our registered users, majority of our Jianye + (建業+) registered users are Henan citizens, and specifically owners or residents of the properties under our management. A Jianye + (建業+) registered user can purchase most of the products and services offered on our Jianye + (建業+) platform at a non-member price. To purchase at a member price, a Jianye + (建業+) registered user can choose to become a member of our Jianye + (建業+) platform to enjoy membership benefits and discounts exclusively available to members for all the services and products available on our Jianye + (建業+) platform through subscription with a membership fee. For further details, please refer to “—Membership Benefits” of this section. As of December 31, 2017, 2018 and 2019, there were over 407,300, 1,045,200 and 2,186,000 registered users on the Jianye + (建業+) mobile app, 41.3%, 45.6% and 31.1% of which were owners or residents of properties developed by the CCRE Group and its associates or joint ventures. As of December 31, 2019, among the 2,186,000 Jianye + (建業+) registered users, there were over 255,000 Jianye + (建業+) registered users subscribed as members on our Jianye + (建業+) mobile app. The average MAUs on our Jianye + (建業+) mobile app for 2018 and 2019 were over 277,000 and 614,000, respectively.

The Jianye + (建業+) platform provides three main online services: (i) membership benefits; (ii) concierge services; and (iii) goods and services from One Family Community (一家公社) with the following revenue breakdown by service type for Jianye + (建業+) platform (which was acquired by us in 2019) during the Track Record Period.

	For the years ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Membership benefits ^(Note)	—	—	93,735
Concierge services	—	—	31,354
Goods and services from One Family Community (一家公社)	—	—	31,227
Total	<u>—</u>	<u>—</u>	<u>156,316</u>

Note: Revenue derived from membership benefits is (i) the amount spent on membership packages; and (ii) credits purchased which can be used as cash for any purchase on the Jianye + (建業+) platform.

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The following table illustrates the type of customers for our different services on Jianye + (建業+) platform:

<u>Jianye +</u>	<u>Nature of customer(s)</u>
1. Membership benefits	Exclusive for members (through subscription on the Jianye + (建業+) platform) that can be either (i) owners or residents of the properties under our management; and (ii) other Independent Third Party individuals that are neither owners nor residents of the properties under our management
2. Concierge services	Registered users (including individuals who have chosen to become a member through subscription) that can be (i) owners or residents of the properties under our management, particularly for the Group's technical support and social networking services and partly for the Group's convenience services such as utility bills payment; (ii) other Independent Third Party individuals that are neither owners nor residents of the properties under our management partly for the Group's convenience services such as car wash and laundry ordering; and (iii) corporate customers
3. Goods and services from One Family Community (一家公社)	Registered users (including individuals who have chosen to become a member through subscription) that can be (i) owners or residents of the properties under our management; (ii) other Independent Third Party individuals that are neither owners nor residents of the properties under our management; and (iii) corporate customers

Membership Benefits

Leveraging the long-term trust of our Jianye + (建業+) registered users in our brand and service, we built the membership system on the Jianye + (建業+) platform around our core concept of creating a platform which offers “privileged and dedicated” benefits exclusively to our paid members. We charge our members a fixed fee for the membership packages or credits which can be used as cash for any purchase on our Jianye + (建業+) platform (such fee varies pursuant to the package or number of credits to be purchased), enabling them to enjoy discounts on goods and services, and exclusive offers, covering various needs such as clothing, food, travel and entertainment. We cooperate with business partners in different industry sectors to offer various discounts and members-only offers to the members of our Jianye + (建業+) platform, including local gas stations, hotels, restaurants, cinemas, amusement parks and kids friendly recreation facilities, among others. As of December 31, 2019, we were cooperating with more than 340 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. In addition, we offer our members various membership packages, such as gourmet dining, leisure and entertainment, grocery packages, fresh lifestyle packages, travel packages and other custom-made packages. For example, our trip-without-plan package enables access to over 200 scenic spots nationally, priority passage and discounts for hotel stays. Another example is our afternoon tea leisure time package which offers lakeside afternoon tea at *The Mist Hot Spring Hotel* (鄢陵建業花滿地溫泉酒店).

Concierge Services

Our Jianye + (建業+) platform provides any Jianye + (建業+) registered users with concierge services such as convenience services. For Jianye + (建業+) registered users that are also residents, Jianye + (建業+) platform also provides services such as technical support and social networking services.

- *Convenience services.* We provide a wide range of services such as community news updates, ordering car wash, laundry and mobile phone top-up to our Jianye + (建業+) registered users. In particular, our “service kiosk” allows our Jianye + (建業+) registered users in the same community to make group orders to save on shipping fees.
- *Technical support.* We provide residents with a wide range of services such as one-click repair request (一鍵報修), whereby residents can report repair requests to the concierge via the mobile app, and the concierge can arrange technicians to repair accordingly to avoid unattended repair requests.
- *Social networking services.* Social networking primarily comprises Neighborhood Network (鄰里圈), where residents can connect and communicate with other residents by joining discussions on certain popular topics; community activities where our butlers and residents can post notices of activities in our offline community service centers, which provide residents access to signing up; and Jianye + Market (建業 + 市集) where residents can sell their idle resources, such as clothes and second-hand pianos, and post information for any help needed. We believe these services can enhance the interactions in the neighborhood which in turn improve the relationships between neighbors and enhance the quality of life within the community.

For our concierge services on our Jianye + (建業+) platform (including services for development of specific functions catered to the needs and convenience of the residents), only the following types of services are exclusive to owners and residents in residential communities developed by the CCRE Group and its associates or joint ventures and other residential communities under our management, namely our services for (i) platinum butler; (ii) utility bills and property management fee payment made on behalf of the owners or residents which will be reimbursed by the respective owner or resident monthly; (iii) delivery of water; (iv) one-click repair request; (v) postage; (vi) battery charging stations for automobile; (vii) door opening of the residence for guests; and (viii) social networking services.

In order to diversify our customer base for our Jianye + (建業 +) platform, apart from inviting residents in the properties under our management to register as users through having functions on the platform that can only be enjoyed by them, we also organize different kinds of activities to attract more customers that are not owners nor residents of the properties developed by the CCRE Group to increase our brand recognition from time to time. For instance, during the Track Record Period, we organized lottery draw in all the Cuisine Henan Foodcourts under our management and people that were not already registered users to the Jianye + (建業+) platform could participate for free. Further, we also set up tentative booths and offered food tasting for the food from suppliers we had cooperation with which could encourage the visitors to register as user to our Jianye + (建業 +) to place order for the goods they were interested in on the spot. As a result, we had over 407,300, 1,045,200 and 2,186,000 Jianye + (建業+) registered users as of December 31, 2017, 2018 and 2019, respectively of which 58.7%, 54.4% and 68.9% were individual users that were neither owners nor residents of properties developed by the CCRE Group and its associates or joint ventures demonstrating the

effectiveness of the Group's effort in diversifying the customer base with an increasing trend of independent third parties users in the latest financial year.

Goods and services from One Family Community (一家公社)

We provide Jianye + (建業+) registered users (a Jianye + (建業+) registered user can be an owner or resident in the communities under our management or anyone who register as a user on our Jianye + (建業+) mobile app) with a wide range of high-quality consumer goods and services on our One Family Community (一家公社). One Family Community (一家公社) has established an evaluation system of “platform + agency + owner” (“平臺+機構+業主”) to provide Jianye + (建業+) registered users with carefully selected products and services. One Family Community (一家公社) also pre-sells consumer goods and services through community group buying (公社團購) and offline sales. We offer over ten categories of consumer goods and services, including fresh meat, vegetables and fruit, grain and oil, home supply and daily necessities, cosmetics, baby care products, nutritious products, snacks, tea, soft drinks and liquor, home electric appliances, digital products, apparels, shoes, bags and luggage as well as services of new lifestyle such as travel. As of December 31, 2019, we were cooperating with more than 340 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. For the more popular products based on the data analytics through our Jianye + (建業+) registered users' past purchasing habits, we usually place an order periodically and settle our bills with the respective supplier biweekly for delivery of the goods and resell to the customers subsequently. For the less popular products, we generally do not place a purchase order with a supplier unless we receive a corresponding order from a customer then resell to the customer subsequently. As such, we generally do not maintain excessive inventory and thereby reducing any inventory risk.

A key feature of our platform is providing predicted-popular products or services based on data analytics through our Jianye + (建業+) registered users' past purchasing habits and search history. Moreover, because we have a strong brand recognition among our Jianye + (建業+) registered users, they are more likely to recognize and accept products and services that we offer or carry our endorsement. During the Track Record Period, the average spending per Jianye + (建業+) user was RMB2,636, RMB2,839 and RMB1,453, respectively; and the total GMV was RMB90.9 million, RMB205.8 million and RMB426.4 million, respectively. Customers' brand loyalty often leads to repeat purchases. During the Track Record Period, the repeat purchase rate on One Family Community (一家公社) of the Jianye + (建業+) platform was 56.2%, 62.1% and 50.7%, respectively. As of December 31, 2017, 2018 and 2019, there were over 407,300, 1,045,200 and 2,186,000 registered users on the Jianye + (建業+) mobile app. Due to the large number of registered users we have on the Jianye + (建業+) mobile app, we usually order the goods in bulk, hence we have a greater bargaining power when negotiating the price of goods with the suppliers. Also, since the delivery fee of goods is usually charged at a flat rate or even free of charge when the purchase exceeds a certain amount, as we usually order the goods in bulk, we generally do not incur significant delivery costs. Taking into account that we may be able to negotiate a discount for the goods we order from our suppliers without incurring any significant delivery fee, we may be able to offer the goods and services on the Jianye + (建業+) platform at price lower than the market price. Further, as we have a strong brand recognition, our Jianye + (建業+) registered users are more likely to recognize and accept products and services that we offer or endorse. Nonetheless, as our staff provide direct e-communication with our Jianye + (建業+) registered users on our Jianye + (建業+) platform and we have a customer service center located in all of the communities under our management, hence we are able to provide accessible and timely after-sale service for our Jianye + (建業+) registered users.

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As we determine the price of goods and services on our Jianye + (建業+) platform, if we decide to give a discount on any goods to our Jianye + (建業+) registered users or members, we will bear the difference of the price at which we purchase (and the associated costs) and the discounted price.

Major terms of a typical supplier contract

We typically enter into framework agreements with our suppliers of One Family Community (一家公社) on our Jianye + (建業+) platform and the key terms are as follows:

Procurement arrangement	Subject to the agreed procurement arrangement with the supplier, the order of services and products we receive from our users on Jianye + (建業+) platform will either be i) handled directly by the respective supplier or ii) sorted by us after which we will place the order with the respective supplier.
Pricing	The supplier generally provides a certain percentage of discount to us or charges the goods at a price not higher than the market or official price.
Payment	The payments are typically settled on a monthly basis.
Delivery	The supplier shall be responsible for delivery.
Term of Contract	Typically a fixed term for around one year to two years

We operate the Jianye + (建業+) mobile app through our PRC subsidiary, One Family Network. As advised by our PRC Legal Advisors, according to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), which was issued by the State Council with effect from September 25, 2000 and revised on January 8, 2011, internet information services refer to the provision of information to web users through the internet, which can be categorized into commercial internet information services and non-commercial internet services. Commercial internet information services refer to paid services of providing information to or creating web pages for web users through the internet. Non-commercial internet services refer to free services of providing public, commonly shared information to web users through the internet. As advised by our PRC Legal Advisors, whether a certain internet information service is regarded as commercial or non-commercial, depends on whether the provision of internet information is free or subject to a charge. For more information, please see the section entitled “Regulatory Overview—Supervision on Internet Information Services” in this prospectus.

As advised by our PRC Legal Advisors: (i) the business conducted by One Family Network is regarded as “non-commercial internet information services” because we sell goods (including food) and provide living related services through our Jianye + (建業+) platform, the revenue generated from which is the result of the sale of goods and services instead of the provision of paid internet information services; (ii) the requisite filing of non-commercial internet information services in respect of such business has been completed by One Family Network, on the basis of that One Family Network obtained the record-filing of the Jianye+ (建業+) platform as required under the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) on June 6, 2019; and (iii) according to an interview conducted with the Henan Communications Administration (河南省通信管理局) in March 2020, which is the competent authority supervising the activities of internet information services of Jianye+ (建業+) platform, (a) the operation of the Jianye + (建業+) platform is

not considered as the “provision of paid internet information services” and does not require “the licence for value-added telecommunication services”; and (b) the operation of Jianye + (建業+) platform had complied with all applicable laws and regulations and had not been subject to any penalties since the establishment of One Family Network and up until then. Further, as advised by our PRC Legal Advisors, the business of One Family Network (including the Jianye + (建業+) platform) is not subject to any foreign ownership restrictions under applicable PRC laws and regulations.

Travel Services

We are a professional travel services provider, in particular, for all the tour guide services we provide, we have obtained all requisite licenses and qualifications. We commenced our travel business in 2016. Since then, we have expanded the scope of travel packages we offer. Our plan is to increase the offering of customized travel packages designed specifically to cater to the needs of our individual travelers and corporate clients so they can enjoy a unique experience that is tailor-made for them. We generally charge a markup calculated based on the cost of activities in the itinerary, such as train tickets and accommodation. During the Track Record Period, revenue generated from our travel services business was RMB23.9 million, RMB62.2 million and RMB138.8 million, respectively.

Our travel packages are mainly categorized into the types below.

- *Leisure Tours.* Leisure tours are generally pure leisure in nature and does not include any bundled shopping requirements. We design itineraries to destinations around residential communities, within Henan and elsewhere in the PRC.
- *Corporate Tours.* We started offering Jianye + (建業+) corporate tours in April 2017 with the goal to bring our corporate culture to property owners and prospective property owners of the CCRE Group. We bring tourists to experience various resources of the CCRE Group, connecting our customers with well-recognized companies from which they can learn top-class operation and management models and corporate culture, such as a leading e-commerce multinational conglomerate and a multinational consumer electronics and home appliances company. Our major corporate customers range from local companies to international enterprises including the CCRE Group and third-party corporations.
- *Football Tours.* We started offering sports tours in April 2017. Our football tours are primarily tours catering to the needs of football fans of Jianye Football Club. For example, in 2018, we organized a tour that brought 600 football fans via China high-speed rail to watch a football match in Tianjin. We also organize a youth summer football camp, targeting children aged six to 15.
- *Educational Tours.* We started offering educational tours in May 2017. Our educational tours target students and their families. We embrace the concept of “edutainment” and select destinations from schools and historical places of interest such as the Yuntai Mountain, the Shaolin Temple (少林寺) and Longmen Grottoes (龍門石窟). We also organize graduation tours.

Further, we have organized the following activities in order to diversify our customer base. We organized marketing activities in different industries, such as cooperation with banks and automobile companies to promote our brand name and expand our clientele. We also reached out to new potential customers through organizing public welfare activities on our public account on WeChat. In addition,

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we acquired new customers through referrals from existing customers. Since we started to implement the above measures in June 2019, the purchase order we received for our travel services increased by over 120% during the second half of 2019 comparing with the first half of 2019.

Cuisine Henan Foodcourts (建業大食堂)

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

The table below sets forth the number of food stalls, we offer in six locations as of December 31, 2019.

	Food stalls
Central China Hebi Green House Foodcourt (鶴壁綠色基地店)	59
Central China Football Town Foodcourt (建業足球小鎮店)	118
Linzhou Baicheng Tiandi Foodcourt (林州百城天地店)	12
Shenhou Junci Ancient Town Foodcourt (神垕鈞瓷古鎮店)	22
Central China Yanling Green House Foodcourt (鄆陵綠色基地店)	84
Puyang Daji Ancient Town Foodcourt (濮陽大集古鎮店)	44
Total	339

For our Cuisine Henan Foodcourts, we have the following measures in place to diversify our customer base. We have portrayed our Cuisine Henan Foodcourts as a place to experience local central China cuisine culture with the kind of cuisine being served in the foodcourt and the design and renovation of the foodcourt in order to attract non-CCRE Group customers. We also worked with different media to organize various traditional cultural festival activities to increase our brand recognition. Furthermore, we hosted different kinds of celebrations in our Cuisine Henan Foodcourts such as anniversary parties and festival celebrations where we gave our customers gifts or discounts in different forms such as cash rebate upon their purchase of food and goods and gourmet packages or coupons to promote sales. Since we commenced our operation of Cuisine Henan Foodcourts in April 2019, we experienced an increase of approximately 25% of sales in May 2019 by month and 37% of sales in October 2019 by month deriving from individual consumers for our leasing operation

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arrangement when we implemented the above measures for the celebration of labor day on May 1 and National day on October 1, respectively. Regardless of the seasonality factors our operation of Cuisine Henan Foodcourts may experience, we believe the measures implemented were effective in broadening our customer base.

COMMERCIAL PROPERTY MANAGEMENT AND CONSULTATION SERVICES

We engage in commercial property management and consultation services, which includes (i) hotel management, (ii) commercial property management and (iii) cultural tourism complex management. Unlike property management where we offer a wide spectrum of traditional property management services to property developers, property owners and property occupants, our commercial property management and consultation services focus on enhancing the value of property by streamlining operations of a property to reduce costs and attracting business to increase income. Further, unlike lifestyle services which our clients are mostly individual customers, our clients for our commercial property management and consultation services are mainly corporations. As of December 31, 2019, our portfolio of assets under management consisted of three cultural tourism complexes (with an aggregate site area of approximately 10.1 million sq.m.), seven shopping malls (with a total GFA of approximately 0.58 million sq.m.) and nine hotels (with a total GFA of approximately 0.25 million sq.m.), all of which were obtained through direct negotiation with the property developer or property owners. As of December 31, 2019, 5 out of 9 contracts for our hotel management services required to be renewed and 3 out of 7 contracts for our commercial property management services required to be renewed. As of the Latest Practicable Date, these 8 commercial property management and consultation services contracts are still in progress and subject to completion of formalities and some of the hotels and all the commercial properties were temporarily shut during the outbreak of Novel Coronavirus pandemic. As we continued to provide services to these 8 properties despite their contractual expiry and taking into account our business relationship with the relevant customers, we believe it is highly likely that we will be able to renew these 8 contracts.

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

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

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The table below sets forth a breakdown of movement of our commercial property management projects as well as the number of contracts corresponding to the projects involved as at the dates indicated:

	As of December 31, 2019							
	Projects signed		Projects commenced		Projects signed but not yet commenced		Projects signed and completed	
	Revenue	Number of contracts	Revenue	Number of contracts	Revenue	Number of contracts	Revenue	Number of contracts
	RMB'000		RMB'000		RMB'000		RMB'000	
Commercial property management and consultation services								
As at the beginning of the period	49,726.9	15	24,118.5	11	25,608.4	4	—	—
As at the end of the period	235,177.6	68	180,136.6	45	5,606.6	3	49,434.4	20

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

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
The CCRE Group and its associates or joint ventures ^(Note 1)	15,247	99.9	11,077	99.8	97,945	93.5
Independent Third Parties ^(Note 2)	11	0.1	20	0.2	6,790	6.5
Total	<u>15,258</u>	<u>100.0</u>	<u>11,097</u>	<u>100.0</u>	<u>104,735</u>	<u>100</u>

Notes:

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

We started to provide hotel management services, commercial property management services and cultural tourism complex management services to CCRE Group, its associates or joint ventures in January 2017, March 2019 and March 2019, respectively. The revenue from commercial property management and consultation services attributable to the CCRE Group, its associates or joint ventures accounted for almost all of our revenue during the three years ended December 31, 2019 as all of the hotels under management during the Track Record Period were owned by CCRE Group, its associates or joint ventures and we derived very minimal proportion of our revenue from Independent Third Parties from provision of consultation services for hotel management services. As the percentage of the revenue from (i) consultation services for hotel management services and (ii) commercial property management services derived from Independent Third Parties increased during the year ended December 31, 2019, the revenue from commercial property management and consultation services attributable to the CCRE Group, its associates or joint ventures decreased slightly during the year ended December 31, 2019.

Hotel Management

We commenced our hotel management service in 2017. Currently we primarily manage all hotels owned by the CCRE Group and its associates or joint ventures and we plan to manage more hotels owned by Independent Third Parties in the future. We provide three different types of services under hotel management, including (i) managing overall operations of a hotel, (ii) supervising hotel operation by an existing operator and (iii) providing consulting services, which are for enhancing the value of our customers' properties. We are responsible for the operation and management of all hotels branded under the CCRE Group, such as *The Mist Hot Spring Hotel* (鄢陵建業花滿地溫泉酒店) and *Sky Mansion Serviced Apartment* (鄭州天築國際公寓). We also provide hotel management services to supervise the hotel management services operated by international hotel groups, such as Marriott, Intercontinental and Accor, by supervising the management and operation of five different hotels located across Henan, including Zhengzhou, Nanyang, Luohe and Kaifeng. During the Track Record Period, we generated revenue of RMB15.3 million, RMB11.1 million and RMB17.5 million from hotel management, respectively. As of December 31, 2019, there are more than 1,700 rooms in the hotels that are under our management or supervision.

Scope of service

We provide hotel management and supervision services and consulting services regarding operations of hotels, including rooms, food and beverage facilities, meeting room facilities, staff training and cost control. The hotel management services we provide are generally grouped into the following categories:

- *Managing overall operations of a hotel.* For the overall operations and management of a hotel, we conduct financial analysis on behalf of the hotel owners to determine and manage the budget of hotel operation to ensure profitability and financial sustainability of the hotel. We are delegated the authority to recruit staff and management personnel on behalf of the hotel owners. We assist in various aspects of hotel management, such as the application of respective license, approve procurements made for the operation of the hotel, maintain hotel facilities and ensure hotel security. We guide the hotel management team on general operating activities, supervise the implementation of our standard operating procedures and the execution of business plans within the established budget.
- *Supervising hotel operation by an existing operator.* Authorized by hotel owners, we supervise the daily operations of the hotel by the existing hotel operator. We oversee the financial performance of the hotel operated by the existing hotel operator to evaluate the financial returns of the hotel on behalf of the hotel owner. Leveraging our resources in Henan and management experience, we supervise the daily operations of the hotel, for example, inspection of hotel operation, inspection or audit of general matters regarding finance, personnel, engineering and business on behalf of the owner, control on budget spending, management of hotel assets and cash flow, with the goal of achieving optimal return in investment, asset preservation and appreciation and maximizing the interest of the owner.
- *Providing consulting services.* We provide consulting services to an existing hotel operator primarily at pre-opening stage of a hotel. Such consulting services include market positioning analysis, investment return analysis, structuring of internal function of hotel buildings, staff recruitment planning, hotel start-up fees and operation budget review and other pre-opening related consulting services. We also provide consulting services

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regarding general hotel management operation to hotels which have commenced operation.

Pricing Model

For the management of overall operations of a hotel, we charge a pre-determined management fee calculated based on revenue or operating profit generated from the hotel we manage and we are entitled to a performance bonus calculated based on the net operating profit. For supervising hotel operation by an existing operator, we charge a fixed management fee calculated based on the number of hotel rooms in the respective hotel and we are also entitled to an incentive management fee calculated based on net operating profit. For consulting services, we charge a fixed fee on case by case basis depending on the scale of a hotel and the term of a consulting contract.

Key Terms of Contract

The key terms of our hotel management contracts are as follows:

	<u>Managing overall operations of a hotel</u>	<u>Supervising hotel operation by an existing operator</u>	<u>Providing consulting services</u>
Scope of service	We provide overall management services to the operations of the hotel.	We supervise and provide assistance to the existing operator of the hotel.	We provide consulting services to hotel operators at pre-opening stage.
Fees and bonuses	In most cases, we charge a percentage ranging from 2% to 4% of revenue for managing hotels and we charge a progressive commission on the net operating profit.	We charge a fixed fee calculated based on the number of hotel rooms. We are entitled to incentive fees calculated based on the net operating profit generated from the hotel during the period of our supervision.	We charge a fixed fee per project specified in a contract.
Obligations of our Group	In most cases, we are subject to reviews of different levels of details as agreed with the client. If we fail to perform to the contractual standards we agree on for a specified time, the client is entitled to terminate the contract within a shortened notice period.	We shall act on behalf of our clients in a manner that we believe to be reasonable and appropriate for the operation of a hotel.	We agree to provide consulting services to our clients in accordance with the terms of the agreement, our construction and configuration requirements and local market needs.
Obligations/rights of the Client	The client shall pay us the operating costs payable by it on time. In most cases, the client has the right to review and evaluate our performance.	Without interfering with the operation of the hotel, the client typically authorizes us to inspect the hotel and its facilities and all the documents relating to the hotel management. In addition, certain expenses	The client shall (i) provide materials we requested for, including but not limited to hotel design drawings and renderings

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	<u>Managing overall operations of a hotel</u>	<u>Supervising hotel operation by an existing operator</u>	<u>Providing consulting services</u>
		incurred in the operation are generally subject to the client's approval.	and other related hotel data, (ii) provide facilities necessary for us to carry out our services, including but not limited to access to various areas of a hotel and (iii) pay us consulting fees stipulated in the contract and other reasonable costs incurred agreed by both parties in a timely manner.
Term of Contract	Typically a fixed term ranging from two to 20 years.	Typically a fixed term of three years.	Typically a fixed term ranging from one to three years.

Description of Representative Hotels

Zhengzhou Central China Le Méridien Hotel (鄭州建業艾美酒店)



Zhengzhou Central China Le Méridien Hotel is an internationally branded hotel which we manage and supervise the operation of the existing hotel operator. It has a focus on art, design and culture. The hotel is located at No. 1188 Zhongzhou Avenue, Zhengzhou City, adjacent to the Zhengdong New District and the Zhengzhou East Railway Station. The hotel is located conveniently around shopping malls, restaurants and office buildings. With 337 luxurious guest rooms and suites, the hotel has a classic design with a fashionable edge. The hotel also offers restaurants, bars and a fitness center which offers fitness, spa, pool, yoga and a jogging track. The pillarless grand ballroom and eight function rooms offer great venues for events of various sizes.

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Sky Mansion Serviced Apartment (鄭州天築國際公寓)



The Sky Mansion Serviced Apartment is an urban lifestyle hub located in the central business district of Zhengdong New District. It has a total of 302 apartments, ranging from single-bedroom apartments to four-bedroom apartments, equipped with gymnasiums, all-day dining rooms, children’s playrooms and conference rooms, among others. We provide overall management services to the operation of Sky Mansion Serviced Apartment.

The Sky Mansion Serviced Apartment is positioned to serve high-end residents who want to pursue high-end lifestyle including family and business travelers. It is committed to providing a harmonious, balanced and high-end lifestyle to residents. Located in the prestigious community developed by the CCRE Group, it shares the intimate service of high-end properties with other Sky Mansion property owners, creating an exclusive social circle and neighborhood culture. Residents may enjoy the artistic atmosphere and the freshness of the city, immersing in a different lifestyle experience.

The table below sets forth the hotels which were managed by us during the Track Record Period.

	<u>Type of hotel</u>	<u>No. of rooms</u>
Yanling Jianye The Mist Hot Spring Hotel	Boutique resort	51
Sky Mansion Serviced Apartment	Serviced apartment	302
Aloft Zhengzhou Shangjie	Business hotel	172
Holiday Inn Nanyang	Business hotel	353
Four Points by Sheraton Luohe	Business hotel	240
Zhengzhou Le Meridien Hotel	Business hotel	337
Pullman Kaifeng Jianye	Resort	186
Starry Hills Hotel Xuchang	Hostel	31
Starry Hills Hotel Xinyang	Hostel	86
Total		<u>1,758</u>

All hotels under our management were developed by the CCRE Group and its associates or joint ventures as of the Latest Practicable Date. Notwithstanding that, we have the following measures in place to diversify the customer base for our hotel management services. We offer a wide range of services, including property management, entrusted management of the property and financial consultation in which we provide comprehensive and specialized services throughout the life cycle of hotel management from hotel investment and construction to hotel operation and management which

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would cater for the diverse needs of our customers. We also have a comprehensive portfolio where we have luxury hotels, themed hotels, full-serviced apartments, lifestyle hotels and hotels that could accommodate business or holiday occasions of the customers under our management. Furthermore, we have implemented an incentive scheme among our employees to encourage their participation in promoting our brand name to the customers.

Commercial Property Management

We commenced our commercial property management service in January 2019. As of December 31, 2019, we managed seven shopping malls located in various cities in Henan, including Zhengzhou, Luoyang and Nanyang. For the year ended December 31, 2019, we generated revenue of RMB16.5 million from commercial property management.

Scope of Service

We primarily manage shopping malls by providing two main categories of services: (i) we provide pre-opening consultation, which includes services such as market research on vendor and clientele demographics, financial analysis, vendor solicitation and management, and strategic planning; and (ii) we provide post-opening management services, which includes services such as vendor management, sales and operation management, and training management. We expect that the number of shopping malls under our management will increase from seven to 15 in the next three years. As of December 31, 2019, we employed 26 personnel to provide commercial property management services, one of which was at managerial level, providing comprehensive professional management and high-level supervision to the commercial assets we manage. As of December 31, 2019, the shopping malls under our management had an occupancy rate of 93.7%.

Pricing Model

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

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Key Terms of a Typical Commercial Property Management Contract

The key terms of our commercial property management contract are as follows.

	<u>Pre-opening consulting services</u>	<u>Post-opening management services</u>
Scope of services	We provide pre-opening consultation which includes the following services: market research on vendor and clientele demographics, financial analysis, vendor solicitation and management and strategic planning of the commercial property. Our main responsibility is to provide consultation and planning to ensure that a shopping mall can commence operation in a timely manner.	We provide post-opening management services which include the following services: vendor management, sales and operation management and training management. Our main responsibility is to ensure stable operation and financial returns. We also provide support services, including technical support, management services, industry resources support, sales and marketing, regional project management and business data sharing.
Fees and bonuses	We generally charge a monthly fee and we are also entitled to a one-off business solicitation commission (which is 150% of the monthly rent paid to the owners of the shopping malls by such vendors).	We generally charge a monthly fee, a one-off opening incentive payable as a fixed fee per sq.m. and we are also entitled to an annual incentive management service fee payable with reference to the excess over the targeted net operating income or 5%-10% of the total revenue plus 10% of profit.
Obligations of our Group	We shall go through periodic reviews of different levels of details as agreed with the client to ensure the shopping mall to commence operation in a timely manner. If we fail to perform to the contractual standards we agree on and cause the delay of the opening, the client is entitled to terminate the contract.	We shall go through half-year reviews of different levels of details as agreed with the client to ensure stable operation and financial returns. If we fail to perform to the contractual standards we agree on and the actual revenue is below target, the client is entitled to deduct the management service fee.
Obligations/rights of the Client	The client shall review and evaluate our performance periodically in order to timely notify us if we fail to perform to the contractual standards.	The client shall review and evaluate our performance periodically in order to timely notify us if we fail to perform to the contractual standards.
Term of Contract	Typically a fixed term for around three months to three years.	Typically a fixed term for around three months to three years.

Description of Representative Projects



Zhengzhou Central China Triumph Square
(鄭州建業凱旋廣場)

Luoyang Central China Triumph Square
(洛陽建業凱旋廣場)

A large scale shopping center in Zhengzhou occupying a total GFA of 269,724.4 sq.m. with two high-end office buildings of 165,056.0 sq.m., an outdoor pedestrian space of 22,516.8 sq.m. and an underground garage of 82,151.6 sq.m.. Zhengzhou Central China Triumph Square was completed and commenced operation on December 18, 2019.

Located at the core area of Luoyang famous for its culture, it is a modern shopping center with a GFA of 181,199.5 sq.m., a shopping center of 137,548.3 sq.m. and an underground garage of 43,651.2 sq.m. Luoyang Central China Triumph Square was completed and commenced operation on November 27, 2013.

The table below sets forth the commercial assets which were managed by us during the Track Record Period.

	Floor areas (sq.m.)
Zhengzhou Central China Triumph Square	105,000
Zhengzhou Central China Triumph Center	65,000
Linzhou Baicheng Tiandi	24,000
Xincai Baicheng Tiandi	27,000
Gongyi Baicheng Tiandi	38,000
Luoyang Central China Triumph Square	181,000
Nanyang Central China Triumph Square	136,000
Total	<u>576,000</u>

For our commercial property management services, we have the following measures in place to diversify our customer base. We participate in various commercial real estate conferences, forums or launches, and gather project information from developers from time to time. We then make recommendations on project information and materials to the headquarters. We also collect further project information through other channels for negotiation with the potential customers.

Cultural Tourism Complex Management

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

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Cultural Tourism Projects

Henan is home to a large number of heritage sites, such as the ruins of Yin, the capital city of the Shang dynasty and the Shaolin Temple. Leveraging our presence in Henan, we endeavor to promote the local culture through the operation and management of cultural tourism projects, and advise on the overall logistic and infrastructure planning, local specialties and various aspects of cultural tourism projects to ensure smooth operations. We plan to expand our cultural tourism projects beyond Henan.

We plan to charge a fixed fee each month per sq.m. for our cultural tourism project operation and management services.

Suburban Leisure Complex

Henan is the second largest agricultural province in the PRC producing over 10% of China's agricultural product in 2019 according to iResearch. Established in 2018 under the brand of "Central China Green House", our suburban leisure complex management services aims to create an efficient agricultural system providing additional features to traditional agricultural business including leisure, sightseeing and science and technology education. As of December 31, 2019, we were contracted to manage the operation of three suburban leisure complexes, including Central China Yanling Green House (鄢陵綠色基地), Central China Hebi Green House (鶴壁綠色基地) and Central China Yichuan Green House (伊川綠色基地). The table below sets forth the suburban leisure complexes currently in operation or in construction as of December 31, 2019.

	Site area (<u>'000 sq.m</u>)	<u>Status</u>
Central China Yanling Green House (鄢陵綠色基地) ⁽¹⁾	2,698	In operation
Central China Hebi Green House (鶴壁綠色基地) ⁽²⁾	2,935	In operation
Central China Zhoukou Green House (周口綠色基地)	4,300	Under construction
Central China Yichuan Green House (伊川綠色基地)	4,483	In operation
Total	<u>14,416</u>	—

Notes:

- (1) Central China Yanling Green House is rated as AAAA (4A) National Tourist Attraction by the Ministry of Culture and Tourism of the PRC.
- (2) Central China Hebi Green House is recognized as China Agricultural Park by China Village Society Development Promotion Association (中國村社發展促進會), which is the first China Agricultural Park in Henan.

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Key Terms of a Typical Suburban Leisure Complex Management Contract

The key terms of our suburban leisure complex management contracts we entered into are as follows:

	Branding and operation management	Technical support	Agricultural product sale	Agricultural product planting	Project Planning	Intelligent greenhouse construction consultation
Scope of service	We provide services such as investment solicitation, event planning, tourist reception and brand building.	We provide technical support on technology research and promotion, including the selection and assessment of seeds, introduction of new plant species, agricultural facility improvement, agricultural technology training and the standardization of production process.	We act as an agent in selling agricultural products, such as seedlings and woods, flowers and vegetables, produced in the suburban leisure complexes.	We provide advice and guidance in the planting of agricultural products or seedlings. We manage the intelligent greenhouses in the suburban leisure complexes. We advise, expand or refurbish intelligent greenhouses for the owners of the suburban leisure complexes and plant vegetables and flowers designated by the owners of the complexes in intelligent greenhouses. In addition, we provide maintenance services to seedlings and woods planted by the owners of the complexes.	We provide consulting services and guidance on the development of suburban leisure complexes. Our project planning services primarily focus on overall planning at preliminary development stage, including market positioning, industrial analysis, development planning and execution planning.	We provide consulting services in respect of the construction of intelligent greenhouses, including both overall and specific planning, technical guidance for construction process, procurement advice, implementation of facilities and equipment, and joint inspection of the construction upon completion.
Fees and bonuses	We generally charge a fixed annual fee per project.	We generally charge a fixed annual fee per project.	We generally charge a percentage of the sales amount of agricultural products.	We generally charge a monthly fee calculated based on the size of the planting area and the nature of the agricultural product.	We generally calculate our fees based on the scale of the project and the size of the land concerned.	We generally charge a certain percentage of the total investment amount of the project.

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	Branding and operation management	Technical support	Agricultural product sale	Agricultural product planting	Project Planning	Intelligent greenhouse construction consultation
Obligations of our Group . . .	We shall (i) establish an operation management team to solicit investment and manage the vendors, (ii) provide brand promoting services and plan marketing events, and (iii) provide tourist reception services and handle tourist complaints.	We shall be responsible for (i) the introduction and experimental planting of new plant species, (ii) the introduction and localization of new agricultural technologies, and (iii) the formulation of production technological process.	We shall (i) conduct market research to establish and expand sales channels, (ii) develop marketing plans for agricultural products, and (iii) assign full-time sales staff to provide basic sales services.	We shall (i) ensure the planting process and products comply with relevant laws and regulations, (ii) control the cost and expenses of planting and maintenance, and (iii) perform custody duty to the seedlings or agricultural products being planted.	We shall (i) submit the consulting results in accordance with the progress requirements, and (ii) assign professional and technical personnel.	We shall (i) establish a professional team to provide planning and guidance, and (ii) assign full-time staff to follow up on the project.
Obligations / rights of the Client	The client shall (i) provide the materials related to the suburban leisure complex, (ii) be responsible for the reconstruction of the business site, and (iii) provide the facilities necessary for us to carry out our services.	The client shall (i) provide the materials we request for, (ii) be responsible for the reconstruction of the business site, and (iii) provide the facilities necessary for us to carry out our services.	The client shall (i) supervise or assist us in marketing activities and provide the list of agricultural products in a timely manner, (ii) dispose of the products that no longer meet the selling condition, (iii) bear the cost and expenses of marketing and delivery, and (iv) pay us the marketing service fees.	The client shall (i) provide the planting site, (ii) bear the cost and expenses of planting and maintenance, (iii) pay the management fee in a timely manner, (iv) provide the facilities necessary for us to carry out our services, and (v) provide the materials we request for, and bear the daily repair and maintenance costs of production facilities.	The client shall (i) give clear written feedbacks to our consulting results in a timely manner, and (ii) provide the materials and documents necessary for our consulting work.	The client shall (i) supervise our work and provide the funds necessary, (ii) pay the consulting fee in a timely manner, and (iii) provide the necessary facilities, and (iv) provide the materials and information relevant to the project.
Term of Contract	Typically a fixed term of three years.	Typically a fixed term of three years.	Typically a fixed term of three years.	Typically a fixed term of three years.	Typically lasts until the final consulting result is accepted by both parties.	Typically lasts until the construction is completed and inspected by the client or when the project commences operation.

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We integrate agriculture, nature and science education and sports and leisure into the suburban leisure complexes we manage. We assist the owners of the complexes to introduce advanced seedlings, agricultural facilities and automatic control system to their complexes from international suppliers, such as flower suppliers in Netherlands. As of December 31, 2019, we managed over 100,000 sq.m. of intelligent greenhouse space, providing optimal environment for special species to grow. We work with primary and secondary schools to establish research and practice camps and bases, such as Orion Camp in Yanling in the suburban leisure complexes under our management, which provide nature and science education experience to primary and secondary school students. In addition, sports and leisure activities such as live CS games are also available in the complexes under our management.

TECHNOLOGY

Infrastructure and Systems

In order to reduce human error and our reliance on manual labor, we employ technological solutions and automate our key business operations as much as possible to improve our overall competitiveness. For example, one of our major initiatives was the development and establishment of Jianye + (建業+) mobile app for our employees which was launched in 2018 to promote the efficiency of our property management business segment. We are also upgrading our infrastructure in vehicles identification management. We use a video conferencing system to streamline our communication channels and reduce employee transportation costs for business trips to attend meetings and training courses. We developed Jianye + (建業+) mobile app for our customers and consumers, which allows us to communicate with them efficiently, so that we can provide them with timely services. Furthermore, Jianye + (建業+) mobile app users can give feedback and evaluation to us via the app and further help us improve the quality of our products or services.

We believe that our technological solutions allow us to minimize human error and perform consistently with our procedures and quality standards. Other technological initiatives and automation efforts we applied during the Track Record Period included intelligent community solutions, such as license plate recognition, facial recognition and smart weather control system. For example, our license plate recognition system reduces the waiting time of vehicles entering and leaving the carpark. Prior to the installation of smart weather control system, we had to frequently monitor conditions of the properties to prevent negative impact of Henan's humid climate, such as pest control and molding conditions and the installation of which enabled us to prevent damage from humidity more effectively now.

Privacy and Security Protection

We value the privacy of our residents and Jianye + (建業+) users. We have access to an extensive volume of customer data during the course of business through the collection of customers' feedbacks from the properties we managed and Jianye + (建業+) platform. Such data includes customer basic background information such as name, gender and telephone number and address. Through the cooperation with our Jianye + (建業+) platform, we also collect product shopping data and social attribute data to have more thorough understandings of our customers. We have explained the terms and conditions to customers and have also gained their prior consent before collecting their data. We treat all customer data in our possession as highly confidential. Our database is secured at multiple layers to prevent unauthorized access. We utilize a system of firewalls and also maintain a perimeter network to separate our external-facing services from our internal systems. All unnecessary access to our database is prohibited and selected information is displayed in anonymity to protect the private

information. In addition, we carry out regular maintenance and firewall upgrades to ensure information stored is adequately protected.

Further, we put an emphasis on the compliance with relevant laws and regulations on data protection and privacy in our business operations and we seek to ensure the data that we accumulate is not misappropriated or misused. We are legally obligated not to disclose any data or other confidential information to any third parties without prior consent of our customers. We have strict internal policy on our employees' access to customer data depending on their positions and seniority. We will implement measures to comply with laws and regulations on data protection and privacy in jurisdictions outside of China when our business operation further expands into overseas markets.

We conduct reviews of our back-up systems to ensure that they function properly and are well maintained. We have also implemented a variety of protocols and procedures, such as regular system checks, virus prevention measures, password policy, server access logging, network access authentication, user authorization review and approval and data back-up, as well as data recovery test, to safeguard our data assets and prevent unauthorized access to our network. We continue to improve and enhance our data and system security through routine checks and timely upgrades to ensure the proper management of our operational data. During the Track Record Period, our Directors confirm that there were no material incidents of security breach in respect of our data storage.

Research and Development

As of December 31, 2019, we had a team of over 70 research and development personnel. Our in-house research and development team is primarily responsible for the maintenance and development of devices and systems in intelligent communities and Jianye + (建業+) mobile app. Over 95% of our research and development team members have a bachelor's degree or higher, majoring in, among others, computer science and software development. Our total expenditure for research and development amounted to nil, nil and RMB38.4 million, respectively, during the Track Record Period.

Tool Automation, Resource Platformization, Service Standardization and Operation Digitalization

To improve our operational efficiency, enhance customer experience and reduce our reliance on manual labor, we strive to implement our “tool automation, resource platformization, service standardization and operation digitalization” initiative.

We endeavor to automate our operations by employing automation tools such as carpark management systems, cleaning vehicles and intelligent robot butlers to minimize human error and apply consistent service procedures and standards. Automation is also reducing reliance on manual labor such as security guards and cleaning staff, and playing a key role in improving service quality and saving costs.

We have set up a platform that integrates various internal and external resources. Our Jianye + (建業+) mobile app serves as an interface of our extensive internal and external resources, including (i) the cultural tourism complexes, shopping malls, hotels and the Cuisine Henan Foodcourts (建業大食堂) we manage or supervise and our customized Jianye + (建業+) platform, travel services, and (ii) resources from selected third-party suppliers and business partners outside the CCRE Group. We are able to access quality resources in different industries and sectors to make our Jianye + (建業+) platform a go-to place for consumers and provide them with extensive benefits and privileges as well

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as premium experience. We provide customers with 14 categories of consumer goods and services. As of December 31, 2019, we were in cooperation with more than 340 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange.

We have streamlined and standardized our property management services, focusing particularly on standardizing key elements of our services, such as environmental management, occupational health and safety management and quality management. We set up standardized service provision procedures for different types of properties, and replicate them in part or in whole across all the properties that we service. In certain aspects of our business such as environmental protection and safety, we apply a consistent set of standards, in the properties we manage to achieve better and consistent quality control. Such measures help us standardize our services, which strengthens our brand and reputation by ensuring service consistency.

We strive to digitalize operations within our Group, for instance, by connecting main utility functions and supporting network communication facility to our Jianye 5M Smart Community Operation and Management Control Platform (建業5M智慧社區運維管控平台) when providing intelligent solutions to property developers and owners to ensure centralized management, while leveraging information technology of IoT, such as assigning “ID” to each facility, and connecting different functional modules to create a unified property management platform, to improve the quality and efficiency of property management.

OUR CUSTOMERS

Our customer base primarily includes property developers, property owners and residents and local property management companies. The table below sets forth the types of our major customers for each of our business segments.

Business segment	Major customers
Property Management and Value—Added services	
Property Management	Property owners, residents and property developers
Intelligent Community Solutions	Property developers
Community Value-added Services	Property owners and residents
Central China Consumers Club	CCRE
Property Agency	Property owners and residents and property developers
Lifestyle Services	
Jianye + (建業+)	Consumers and corporate customers
Travel services	Consumers
Cuisine Henan Foodcourts (建業大食堂)	Consumers
Commercial Property Management and Consultation Services	
Hotel Management	Corporate customers
Commercial Property Management	Corporate customers
Cultural Tourism Complex Management	Corporate customers

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Our top five customers accounted for approximately 18.1%, 18.5% and 40.7% of our total revenue during the Track Record Period, respectively. Our largest customer accounted for approximately 14.5%, 16.6% and 36.9% of our total revenue in the same periods.

For property management services, we typically enter into legally binding service contracts with our customers without a fixed term which set out our scope of services, service premium and payment terms for the specific property management tasks to be provided. For commercial property management and consultation services, our service contracts with customers usually provide for a fixed term of 4 months to 20 years, depending on the type of service to be provided. Please refer to “Property Management and Value-Added Services and “—Commercial Property Management and Consultation Services” in this section for further details.

Our Top Five Customers

The following table sets forth details of our top five customers for the year ended December 31, 2017.

Rank	Customer	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our revenue (%)
1	The CCRE Group	Real estate development and management	24 years	66,922	14.53
2	Customer A	Real estate development and management	6 years	9,704	2.11
3	One Family Network	Technology services	3 years	3,936	0.85
4	Customer B	Property management services	2 years	1,399	0.30
5	Customer C	Real estate development and management	2 years	1,264	0.27

The following table sets forth details of our top five customers for the year ended December 31, 2018.

Rank	Customer	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our revenue (%)
1	The CCRE Group	Real estate development and management	24 years	115,260	16.61
2	One Family Network	Technology services	3 years	4,292	0.62
3	Customer D	Real estate development and management	7 years	3,832	0.55
4	Customer E	Real estate development and management	1 year	2,466	0.36
5	Customer F	Real estate development and management	1 year	2,439	0.35

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The following table sets forth details of our top five customers for the year ended December 31, 2019.

Rank	Customer	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our revenue (%)
1	The CCRE Group	Real estate development and management	24 years	646,616	36.86
2	Customer G	Real estate development and management	Less than a year	25,177	1.44
3	Customer H	Real estate development and management	Less than a year	18,903	1.08
4	Customer I	Cultural tourism services	1 year	11,690	0.67
5	Customer J	Real estate development and management	2 years	11,196	0.64

Our single largest customer during the Track Record Period was the CCRE Group. CCRE is indirectly held as 74.35% by Mr. Wu, one of our Controlling Shareholders, and therefore is an associate of our Company under the Listing Rules. For further details, please refer to the section headed “Connected Transactions” in this prospectus. Amongst our top five customers for the Track Record Period, other than the CCRE Group, five customers were the former joint ventures or associates (currently the subsidiaries) of the CCRE Group at the material time and four customers are joint ventures or associates of the CCRE Group. Save as the above, as of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital had any interest in the remaining top five customers.

We consider that our transactions with the CCRE Group do not constitute undue reliance and would not affect the overall sustainability of our business for the following reasons:

- **Customer concentration not extreme.** During the Track Record Period, revenue from the CCRE Group and its associates or joint ventures amounted to RMB80.7 million, RMB135.2 million and RMB746.5 million, representing 17.5%, 19.5% and 42.5% of our total revenue, respectively.

The table below sets forth the revenue and percentage of our revenue derived from the CCRE Group and its associates or joint ventures by business segments during the Track Record Period.

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	% of the total revenue	RMB'000	% of the total revenue	RMB'000	% of the total revenue
Property management and value-added services	60,175	13.1	109,484	15.8	586,307	33.4
Lifestyle services	5,263	1.1	14,691	2.1	62,206	3.5
Commercial property management and consultation services	15,247	3.3	11,077	1.6	97,945	5.6
Total	<u>80,685</u>	<u>17.5</u>	<u>135,252</u>	<u>19.5</u>	<u>746,458</u>	<u>42.5</u>

As shown above, most of such revenue from the CCRE Group and its associates or joint ventures were derived from our property management and value-added services, while

revenue for our lifestyle services and commercial property management and consultation services was relatively immaterial. Further, we expect the percentage of total revenue to be generated from properties developed by the CCRE Group will decrease going forward. For details, see the section headed “Relationship with Controlling Shareholders—Independence from our Controlling Shareholders—Mutual and Complementary Relationship with the CCRE Group”.

- **Mutual dependence.** During the Track Record Period, we managed: (1) all of the properties developed by the CCRE Group; and (2) 97.8%, 92.1% and 96.8% of the properties developed by the CCRE Group and its associates or joint ventures. The Group did not manage all properties developed by such associates or joint ventures because, to our Directors’ best knowledge and belief, such associates or joint ventures elected to appoint other property management companies, having taking into account, among others, our competitors’ and our proposed service terms and prior business relationship with such associate or joint venture. In respect of our commercial property management and consultation services, to our Directors’ best knowledge and belief, we are the sole third party service provider to the CCRE Group for commercial property management and consultation services and the largest third party service provider to the CCRE Group for management services in Cuisine Henan Foodcourts (建業大食堂) which is under our lifestyle services during the Track Record Period. As of December 31, 2019, based on our Company’s discussion with the CCRE Group, the CCRE Group and its associates or joint ventures had 152 property projects in the pipeline, out of which we secured property management contacts for 135 properties as of the Latest Practicable Date. Furthermore, we have also entered into various strategic cooperation framework agreements with the CCRE Group, pursuant to which the CCRE Group will endeavor to engage us to provide lifestyle services to 12 Cuisine Henan Foodcourts (建業大食堂), 12 cultural tourism complexes, 19 shopping malls and six hotels, which are in the pipeline of the CCRE Group and its associate or joint ventures. See the section titled “Connected Transactions—(B) Non-Exempt Continuing Connected Transactions” in this prospectus.
- **Very long-standing and stable relationship with intention to continue.** We have developed a close and mutually-beneficial relationship for over two decades with the CCRE Group. During this period, our directors have confirmed that there has not been any significant disagreement, complaint, interruption or materially adverse change in our business relationship. During the Track Record Period, the vast majority of our property management agreements with the CCRE Group did not have a fixed term and therefore did not need to be renewed, while for those that had a fixed term, the renewal rate for any relevant agreement that needed to be renewed was over 80% on average. For details, see the section headed “Relationship with Controlling Shareholders—Independence from our Controlling Shareholders—Mutual and Complementary Relationship with the CCRE Group”. Furthermore, CCRE has also granted us a royalty-free perpetual license to use certain trademarks of the CCRE Group registered in the PRC and Hong Kong for our business operations and investment activities. We believe this is indicative of our strong relationship with the CCRE Group.
- **Positive industry outlook.** According to CIA, our industry consultant, the property management industries in Henan Province and also the PRC have shown consistent growth in the past few years and are expected to continue to grow in the coming years,

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being driven by strong support from the PRC government, as well as continued growth in both demand and supply. For details, see the section headed “Industry Overview”.

- **Normal commercial terms and arm’s length negotiation.** Our sales to the CCRE Group has been, and will continue to be, on normal commercial terms based on arm’s length negotiations. As continuing connected transactions, our business relationship is also bound by Chapter 14A of the Listing Rules to safeguard the interests of our Group and Shareholders. The same similarly applies to CCRE itself as a listed company in Hong Kong.
- **Independence.** We believe that we are capable of carrying on our business independently from the CCRE Group, including from a management, operational and financial perspective. For details, see the section headed “Relationship with Controlling Shareholders—Independence from Controlling Shareholders”.

With the above factors in mind, our Directors are not aware of any red flags indicating that our relationship with the CCRE Group is likely to be terminated or otherwise materially adversely change.

OUR SERVICE PROVIDERS AND SUPPLIERS

The table below sets forth the types of our major suppliers for business segments.

Business segment	Major suppliers
Property Management and Value—Added services	
Property Management	Subcontractor providing cleaning, greening and gardening and security guard functions
Intelligent Community Solutions	Suppliers of intelligent devices
Community Value-added Services	Suppliers of certain services
Central China Consumers Club	Suppliers of certain services
Property Agency	Not applicable
Lifestyle Services	
Jianye + (建業+)	Suppliers of products and services
Travel services	Suppliers providing accommodation and transportation services
Cuisine Henan Foodcourts (建業大食堂)	Suppliers of materials and facilities
Commercial Property Management and Consultation Services	
Hotel Management	Not applicable
Commercial Property Management	Not applicable
Cultural Tourism Complex Management	Not applicable

Our top five suppliers accounted for approximately 37.3%, 29.2% and 14.8% of our total cost of sales during the Track Record Period, respectively. Our largest supplier accounted for approximately 22.3%, 16.4% and 6.1% of our total cost of sales in the same periods. Our Directors believe that we do not have any concentration risk with our suppliers.

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Our Top Five Suppliers

The following table sets forth details of our top five suppliers for the year ended December 31, 2017.

Rank	Supplier	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our total cost of sales (%)
1	Supplier A	Labor outsourcing services	8 years	79,306	22.32
2	Supplier B	Labor outsourcing services	10 years	43,391	12.21
3	Supplier C	Cleaning services	2 years	3,760	1.06
4	Supplier D	Security services	2 years	3,188	0.90
5	Supplier E	Security services	3 years	3,018	0.85

The following table sets forth details of our top five suppliers for the year ended December 31, 2018.

Rank	Supplier	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our total cost of sales (%)
1	Supplier A	Labor outsourcing services	8 years	87,226	16.36
2	Supplier B	Labor outsourcing services	10 years	33,597	6.30
3	Supplier F	Property management services	2 years	15,322	2.87
4	Supplier C	Cleaning services	2 years	10,138	1.90
5	Supplier G	Cleaning services	2 years	9,553	1.79

The following table sets forth details of our top five suppliers for the year ended December 31, 2019.

Rank	Supplier	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our total cost of sales (%)
1	Supplier H	Property management services	Less than a year	71,957	6.11
2	Supplier I	Property management services	Less than a year	39,430	3.35
3	Supplier A	Labor outsourcing services	8 years	23,573	2.00
4	Supplier F	Property management services	2 years	20,748	1.76
5	Supplier J	Property management services	2 years	19,125	1.62

All of our five largest suppliers during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, supervisors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers.

We do not have any long-term agreements with our suppliers, and we typically enter into contracts with our suppliers for a term of 12 to 24 months with monthly settlement. The contract with our suppliers usually contains fixed rate chargeable on a per person, per service or per project basis for services or costs of items/materials to be supplied, as the case may be. In general, our suppliers issue invoices to us on a monthly basis. Our suppliers usually grant us a credit term ranging from 0 to 180 days, subject to the payment terms agreed. We typically reserve the right to terminate the contracts with our suppliers if our suppliers breach the contract or if our suppliers cannot meet the quality of service required by us.

Subcontracting

We engage subcontractors to provide workers to fill specific positions/functions in our business segments to cover basic functions when we encounter capacity constraints and to lower costs of

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services. Our subcontractors include companies that provide cleaning, greening and gardening and security guard functions. During the Track Record Period, all of our subcontractors were located in China and all of their subcontractors fees were denominated in RMB. While we primarily fulfil our client's requests and service needs using our own resources and extensive service network, by adopting the use of subcontractors for certain functions, our Directors believe that our Group is able to maintain a degree of flexibility in our pace of expansion and provide more competitive pricing by leveraging the services provided by our subcontractors. We select subcontractors on a case-by-case basis, based on their background and quality of services, for the purpose of maximizing value and to provide a seamless experience to our customers.

Management of our subcontractors

To ensure that the subcontractors meet our requirements and standards of services and are able to timely serve our customers, we regularly monitor and evaluate their performance. The subcontractors are required to follow our Group's internal policies and their respective performance is assessed in accordance with our key performance indicators on a monthly basis.

During the Track Record Period, our subcontracting costs amounted to approximately RMB16.8 million, RMB59.4 million and RMB264.1 million, representing approximately 4.7%, 11.1% and 22.4% of our total cost of sales, respectively.

Our Directors confirm that all of our subcontractors are Independent Third Parties and we do not have any reliance on any single subcontractor.

The key terms of our service contracts with subcontractors typically include the following salient terms and conditions:

- **Scope of services:** Depending on the nature of services that are being subcontracted, typically, this includes a general obligation imposed on the subcontractor to fulfil the requests and needs of us and our clients, including, but not limited to, fulfilling of security guard functions at commercial assets which we manage, such as shopping malls, and provide cleaning services to residential properties and commercial assets which are under our management.
- **Subcontractor's obligations:** Subcontractors are obligated to comply with all relevant legal and regulatory requirements to perform the required services.
- **Fees and payment:** Our subcontractors typically charge us on a fixed rate on a per person, per service or per project basis.
- **Term of service:** Our terms with subcontractors vary according to the requirements of our clients. Typically the term of service is one to two years.

Labor outsourcing

We also engage labor outsourcing service providers, with whom we have entered into labor dispatch agreements during the Track Record Period. Pursuant to such agreements, these labor outsourcing service providers should dispatch to us suitable dispatched staff as requested, and we should pay the dispatch service fees to the labor outsourcing service providers. The dispatch service fees we pay to the labor outsourcing service providers is inclusive of: (i) management fees for the dispatch arrangement with the labor outsourcing service providers; (ii) wages for the dispatched staff;

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and (iii) social insurance for the dispatched staff to be paid to the competent authority. Our PRC Legal Advisors have advised that: (1) the responsibility and liability of such wages, social insurance and housing provident fund contributions are ultimately borne by the labor outsourcing service providers and not by our Group according to such agreements and the relevant PRC laws and regulations; and (2) taking into account our applicable proportion of dispatched workers as confirmed by us, such arrangements with our labor outsourcing service providers are in compliance with applicable PRC laws and regulations, including the Interim Provisions on Labor Dispatch (勞務派遣暫行規定), as at the Latest Practicable Date. For details on such PRC laws and regulations, see the section headed “Regulatory Overview—Legal Supervisions over Labor Protection in the PRC” in this prospectus.

SALES AND MARKETING

Our sales and marketing team is primarily responsible for planning and developing our overall marketing strategy, conducting market research, coordinating our sales and marketing activities to acquire new customers and maintain and strengthen our relationships with existing customers. Due to the complexity of our business model, our sales and marketing team has a different focus when targeting different business segments.

- *Property management and value-added services.* We take sales and marketing measures to ensure the service we provide are tailored to the characteristics of our residents and the special culture within the communities. We take pride in the tailor-made sale and marketing efforts provided by the CCCC’s G.O. to respective members.
- *Lifestyle services.* Our sales and marketing team focuses on the characteristics of different cities in Henan to provide tailor-made travel packages. In addition to local culture, we also promote local delicacy so we can introduce Henan specialty to the world and expand our clientele.
- *Commercial property management and consultation services.* Our sales and marketing team focuses on promoting the hotels and commercial assets we manage in terms of increasing traffic and enhancing our brand reputation. Our cultural tourism business segment is the product of our continuous effort in promoting Henan to establish our presence internationally.

As of December 31, 2019, we had a team of 989 sales and marketing personnel. Our total expenditure for sales and marketing amounted to RMB5.2 million, RMB11.7 million and RMB46.5 million, respectively, during the Track Record Period.

QUALITY CONTROL

Quality control over our services

We implement a comprehensive set of measures and policies to ensure the quality of the services we provide and we adhere to international standards in various aspects. In 2012, we passed the ISO9001 certification of quality management system and the ISO14001 certification of the environmental management system issued by the International Organization for Standardization. In 2017, we were awarded health and safety system OHSAS18001 certification. Our company implements all aspects of quality management in accordance with ISO9001 quality management standards, ISO14001 environmental management standards and OHSAS18001 occupational health and safety management standards.

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Quality control measures in relation to our subcontractors

To ensure the quality of services provided through our subcontractors, we have formulated a quality assurance system that tackles their service quality from different angles such as the selection, assessment, contract terms, daily operations and the ability to discharge contractual obligations of our subcontractors.

INTELLECTUAL PROPERTY

We regard our intellectual property rights as critical to our success. We primarily rely on laws and regulations on trademarks and trade secrets and our employees' and third parties' contractual commitments to confidentiality and non-competition to protect our intellectual property rights. As of the Latest Practicable Date, we had 75 copyrights for our self-developed software and art works, 29 trademarks and 36 domain names registered in the PRC and 3 patent approved by PRC State Intellectual Property Office.

We use a trademark to market our services under the brand of “Central China (建業)” which is held by one of our related parties, the CCRE Group. For further details, please see the sections entitled “Connected Transactions—(A) Fully Exempt Continuing Connected Transactions—1. Trademark Licensing” and “Risk Factors—Risks Relating to our Business and Industries—We may fail to Effectively Protect our Intellectual Property Rights and Licensed Rights” in this prospectus.

As of the Latest Practicable Date, we were not aware of (a) any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Company, or (b) any disputes with third parties with respect to intellectual property rights.

PROPERTIES

As of the Latest Practicable Date, we rented a total of 13 properties for use as office and operations in various locations in China with an aggregate GFA of over 20,000 sq.m. As of the Latest Practicable Date, we have leased four properties from the CCRE Group for use as (i) office premises in the PRC and Hong Kong; and (ii) operations of Cuisine Henan foodcourts under our lifestyle services (the “Leases”). The rent payable by us under such Leases are all fixed rent payable monthly. The aggregate amount of rent paid by us to the CCRE Group under such Leases was approximately RMB1.0 million, RMB1.3 million, RMB1.3 million during the Track Record Period, respectively. Immediately after the Listing, the Leases will continue in accordance with the lease terms under the original tenancy agreements entered into between us and the CCRE Group. Our Directors consider that the Leases have been and will be carried out on normal commercial terms or better that are fair, reasonable and in the interests of our Company and our Shareholders as a whole.

As of the Latest Practicable Date, 13 of the lease agreements had not been registered with the local housing administration authorities as required under PRC laws, primarily due to (i) lack of cooperation from our landlords in registering the relevant lease agreements and/or (ii) the fact that title certificates and proofs of ownership were not obtained by our landlords for certain of our leased properties. Both (i) and (ii) were factors beyond our control. Our PRC Legal Advisors have advised us that we might be ordered to rectify this failure to register by competent authorities and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 per agreement may be

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imposed as a result. The estimated total amount of potential penalty for our failure to register our lease agreements is approximately RMB13,000 to RMB130,000. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to file the lease agreements described above. Our PRC Legal Advisors have also advised us that the failure to register the lease agreements would not affect the validity of the lease agreements. Our Directors are of the view that such non-registration would not have a material adverse effect on our business operations or constitute a material legal obstacle for the Listing. In the event that we are required by competent authorities to rectify the non-compliance with lease registration requirement and we are not able to rectify due to lack of cooperation from the landlords, we intend to terminate the non-compliant leases, find alternative locations nearby and relocate. For more information on the risks related to our non-filing, please see the section headed “Risk Factors—Risks Relating to our Business and Industries—We may be subject to administrative penalties as we have not registered all of our lease agreements with housing administration authorities” in this prospectus.

As of the Latest Practicable Date, we did not own any real properties, and we had no single property with a carrying amount of 15% or more of our total assets. Therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by Section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received recognition for the quality and popularity of our products and services. Some of the significant awards and recognition we have received are set forth below:

<u>Award</u>	<u>Year(s)</u>	<u>Awarding Entity</u>
2019 Potential Unicorn of Property Management Service (2019物業服務企業潛力獨角獸)	2019	China Property Management Institute
2019 Featured Brand of Property Management Service— New Lifestyle Provider (2019特色物業服務品牌企業—新型生活方式服務商)	2019	China Property Management Institute
2019 Top 50 Most Valuable Brand of Property Management Service (2019物業服務企業品牌價值50強)	2019	China Property Management Institute
China’s Top 100 Property Management Companies (中國物業服務百強企業)	2017-2019	CIA
<ul style="list-style-type: none">● Rank 13th in 2019● Rank 15th in 2018● Rank 16th in 2017		
Leading Brand for Property Management Service in the Central China Region (華中物業服務領先品牌)	2018 and 2019	CIA
2018 Enterprise with the most influential brandname of Property Management Industry (2018年度物業服務行業最具影響力品牌企業)	2018	Henan Property Management Association

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Award	Year(s)	Awarding Entity
Outstanding Property Management Company of Zhengzhou (鄭州市物業管理先進單位)	2017	Zhengzhou Property Management Association
Best Innovative Consumer Service Provider of China (國家旅業獎最佳新消費服務商)	2017	National Tourism Magazine
2018 Innovative Tourism Marketing in the Central China Region (2018中原旅遊地產創新行銷獎)	2019	Henan Tourism Information Website, Sohu
High Potential Hotel Group in China (2017年中國最具發展潛力酒店集團)	2017	Hotel Gaocan

COMPETITION

We face competition from companies of different nature and scale due to the diversity of our business.

- *Property management and value-added services.* Our major competitors in property management services are large national and local property management companies in the PRC. The competitors of our value-added services are mainly property management companies, engineering companies and O2O companies, who provide comparable services.
- *Lifestyle services.* We face competition from local travel agencies providing similar travel packages at a lower price but we differentiate ourselves with offering customized packages. There are other mobile apps offering comparable service as Jianye + (建業+) but we are able to offer services based on the location of the residents and connect them with our offline community services. Furthermore, we face competition from participants in the food and beverage industry, which is a highly fragmented market, yet we set ourselves apart by leveraging the specialty and ambiance of the location we offer in the Cuisine Henan Foodcourts (建業大食堂).
- *Commercial property management and consultation services.* We face competition from international commercial real estate services firm and local commercial assets operators. However, we have long-established presence in Henan and our understanding of the culture in Henan allows us to provide thoughtful management which are reflected in the detail of the design of our service.

For additional details regarding the competitive landscape of the industry in which we operate, please refer to the sections headed “Industry Overview” and “Risk Factors—Risks Relating to Our Businesses and Industries—We are in a highly competitive business with numerous competitors and if we do not compete successfully against existing and new competitors, our business, financial position, results of operations and prospects may be materially and adversely affected” in this prospectus.

As evidenced by our presence in central China and market leadership as a property management service provider, we believe that we are able to compete effectively by leveraging our competitive advantages. These include our comprehensive one-stop service platform and strong monetization capability that have provided us with a strong resource integration capability, as well as the ability to tailor our services to customers’ needs. In addition, our two pronged expansion approach, combining our strengths in both property and commercial property management, allow us to expand our customer coverage and seize opportunities which traditional property management companies

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would be unable to capitalize. Our data analysis capability also enable us to process large amounts of data and in turn facilitate targeted marketing, and forms part of the backbone of our operations.

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

We are subject to PRC laws in relation to labor, safety and environment protection matters. In addition, we have established multiple systems to ensure the quality of our services, implementing the ISO14001 environment control standards and ISO9001 quality management standards, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and had not had any incidents which have materially and adversely affected our operations.

We consider the protection of the environment to be important and have implemented measures in the operation of our businesses to ensure our compliance with all applicable requirements. Given the nature of our operations, our Directors do not believe that we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date as confirmed by our Directors, no material fines or penalties for non-compliance of PRC environmental laws had been imposed on us, and we have not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

EMPLOYEES

As of December 31, 2019, we had a total of 4,213 full time employees, substantially all of whom were located in Henan province. The table below sets forth a breakdown of our employees by function.

<u>Function</u>	<u>Number of Employees</u>	<u>%</u>
Administration	71	1.7
Function Management	605	14.4
Information Technology	34	0.8
Sales and Marketing	989	23.5
Engineering Technology	763	18.1
Primary Level Service	325	7.7
Customer Service	1,203	28.6
Purchase and Procurement Management	26	0.6
Branding Management	94	2.2
Products Management	29	0.7
Technology Research	74	1.8
Total	<u>4,213</u>	<u>100</u>

Recruiting

We are dedicated to put in place a competitive recruitment system in order to create a fair and open environment for talents. All managerial positions are selected through open selective process to ensure each employee has equal opportunities. We organise recruitment events in various parts of Henan from time to time. Our recruiting processes primarily comprise the following phases.

- *Candidate sourcing.* We source our candidates through multiple channels, including recruitment events, referrals from existing employees and internal recruitments.

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- *Candidate selection.* We have different selection processes for managerial positions and non-managerial positions. All positions are openly recruited. The candidates are interviewed by the business department, the human resources department and the supervisors, respectively. After the interviews, we will conduct a background check and qualification verification for the qualified candidates, submit the recruitment application for approval according to the job responsibilities and finally finish the recruitment according to our internal processes.
- *Candidate onboarding.* After selecting the candidate for a position, the human resources department would send out a formal employment offer. Once the candidate has accepted the offer, the human resource department would officially onboard the successful candidate.

Employee Training

We believe the quality of our employees attributed to customer satisfaction and repeated business. We have developed training programs for employees at all levels, including pre-job training. Our trainings are arranged according to the specifications of the job functions of our employees with aim to help them understand the corporate culture, value of the brand we uphold, as well as professional etiquette and general training based on the position and seniority applicable to the employee. As part of our ongoing training, we offer mentoring program, management training and provide a comprehensive learning environment with goal to improve performance of our employees.

Employee Relations

We enter into individual employment agreement with our employees to agree on matters such as wages, benefits and other rights and obligations of parties. We are also required by PRC laws and regulations to participate in various employee social insurance fund that are administered by local governments, including basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident fund.

During the Track Record Period, we had not made full contributions for social insurance and housing provident fund based on the actual salary levels of our employees. Please see “Risk Factors—We may be subject to fines for our failures to register for and/or contribute to social insurance and housing provident funds for our employees” for further discussion. This shortfall of contributions was primarily caused by our understanding that the current basis on which our contributions made were acceptable by the relevant government authorities. Our Directors confirmed that we have made full social insurance and housing provident fund contributions for all of our employees starting July 2019. Going forward, our Directors confirm that we will fully comply with all applicable requirements for social insurance and housing provident funds and our Directors consider that the above non-compliance issue would not have a material adverse effect on our business, financial condition or results of operation, and we undertake to make necessary adjustments (if any) to comply with the requirements.

Except for the immaterial labor disputes that arose in the ordinary course of our business during the Track Record Period, we believe we maintain a good working relationship with our employees. None of our full time employees are members of any labor union.

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CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage the cash inflows and outflows of our subsidiaries and branches in their ordinary course of business. We take stock of the bank accounts and reconcile the accounts monthly to lower the risks associated with cash management. Furthermore, we require our subsidiaries and branches to settle their transactions through bank transfers to enhance the safety of funds management.

Cash flow transactions

Payments of property management fees from property owners and residents to our subsidiaries and branches

Cash transfers from our subsidiaries' and branches' bank accounts to our Company's centralized bank account

Cash transfers from our Company's centralized bank account to the bank accounts of our subsidiaries and branches

Payments made to suppliers, service providers and subcontractors of our subsidiaries and branches

Cash handling policies and internal control measures

We require our subsidiaries and branches to deposit cash received in their bank accounts in a timely manner. We check the bank account balances of our subsidiaries and branches on a regular basis.

We transfer the cash deposited in the bank accounts of our property management subsidiaries and branches to our Company's centralized bank account through a bank-corporation direct transfer channel.

Our property management subsidiaries and branches prepare monthly financial report. We transfer cash from our Company's centralized bank account to our subsidiaries and branches once our financial department have reviewed and approved the cash budgets and plans proposed by our property management subsidiaries and branches.

We check and monitor the bank account balances and balances of cash on hand of our subsidiaries and branches on a regular basis.

We require our subsidiaries and branches to conduct monthly reconciliation to identify any discrepancy among their bank account balance, cash on hand and internal accounting system on a timely basis. Any discrepancy will be analyzed and resolved timely.

Various levels of management approve payment applications according to the authority assigned to them in accordance with our internal policies.

INSURANCE

We maintain pension insurance, medical insurance, maternity insurance, work injury insurance and unemployment insurance, which are mandatory under PRC laws. We also maintain employer responsibility insurance, which is as advised by our PRC Legal Advisors, not mandatory under PRC laws. We believe our insurance coverage is sufficient in the context of our operations. During the Track Record Period, we did not make any material insurance claims in relation to our business. Please refer to the section headed "Risk Factors—Risks Relating to our Businesses and Industries—Our Insurance Coverage may not sufficiently cover the Risks Related to our Business" in this prospectus for details of risks associated with our insurance coverage.

INTERNAL CONTROL AND RISK MANAGEMENT

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management,

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internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For details of the major risks identified by our management, please see the section entitled “Risk Factors” in this prospectus.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted or will adopt, among other things, the following risk management and internal control measures:

- we have adopted stringent quality control and supervision measures and procedures to prevent risks. See “Quality Control” for more details;
- our human resources department is responsible for monitoring the compliance with our internal rules and manuals by our employees to ensure that we comply with the relevant regulatory requirements and applicable laws so as to reduce our legal risks;
- we have put in place internal procedures for handling complaints from customers; and
- we have established a selection and monitoring policy in relation to the subcontractors engaged by us, including the selection criteria and the review systems to deal with any complaints or under performance with regards to the subcontractors.

In addition, we have established an audit committee consisting of all of the independent non-executive Directors, as part of our measures to improve risk management and corporate governance. See section headed “Directors and Senior Management—Senior Management” in this prospectus for details on the professional qualifications and industry experience. The primary duties of the audit committee are to review and supervise the financial report of process and internal control system of our group. For further details, please refer to section headed “Directors and Senior Management—Audit Committee” in this prospectus.

LICENSES AND PERMITS

We are required to obtain various licenses, permits and certifications for our operations. As advised by our PRC Legal Advisors, save as the licenses that were being renewed as of the Latest Practicable Date, we had duly obtained and maintained all major licenses, permits and certificates required by applicable laws and regulations for our operations. We are required to renew such licenses, permits and certificates from time to time. We do not expect any difficulties in such renewals so long as we meet the applicable requirements and conditions set by the relevant government agencies and adhere to procedures set forth in relevant laws and regulations.

Some of our subsidiaries obtained hygiene permit (衛生許可證), secondary water supply sanitation permit (二次供水衛生許可證), community safety service permit (河南省公共安全技術防範服務許可證), centralized water supply sanitation permit (集中式供水衛生許可證), and urban sewage discharge permit (城鎮污水排入排水管網許可證), among others. The table below sets forth our material licenses and permits relating to our operations in the relevant jurisdictions as of the date of this prospectus:

<u>License, permits or approvals</u>	<u>Holder</u>	<u>Granting authority</u>	<u>Issuance date</u>	<u>Expiration date</u>
Special Equipment Installation, Repair and Maintenance Permit (TS3341713-2020) . .	Jiandun Machinery	Henan Provincial Bureau of Quality and Technical Supervision (河南省質量技術監督局)	November 28, 2016	November 27, 2020 ⁽¹⁾

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License, permits or approvals	Holder	Granting authority	Issuance date	Expiration date
Real Estate Brokerage Certificate (4101050250) . . .	Zhizun Housing Agency	Zhengzhou Housing Security and Real Estate Administration (鄭州市住房保障和房地產管理局)	March 11, 2020	March 10, 2021
Real Estate Brokerage Certificate (4101110143) . . .	Songyang Real Estate	Zhengzhou Housing Security and Real Estate Administration (鄭州市住房保障和房地產管理局)	April 7, 2020	April 6, 2021
Real Estate Brokerage Certificate (4101110168) . . .	Xinglang Real Estate	Zhengzhou Housing Security and Real Estate Administration (鄭州市住房保障和房地產管理局)	May 30, 2019	May 29, 2020 ⁽²⁾
Food Business License (JY1410920004385)	One Family Network	Zhengdong Sub-bureau of Zhengzhou Food and Drug Administration Supervision Administration (鄭州市食品藥品監督管理局鄭東分局)	April 12, 2016	April 11, 2021
Food Business License (JY24101030168693)	Central China Dashitang	Zhengzhou Erqi District Market Supervision Administration (鄭州市二七區市場監督管理局)	May 7, 2019	May 6, 2024
Food Business License (JY24106160001121)	Central China Dashitang Hebi branch	Urban and Rural Integration Model Area Sub-bureau of Hebi City Food and Drug Administration Urban and Rural Integration Demonstration Bureau (鶴壁市食品藥品監督管理局城鄉一體化示範區分局)	April 4, 2019	January 6, 2023
Food Business License (JY34104810007390)	Central China Property Management Wugang branch	Wugang Food and Drug Administration (舞鋼市食品藥品監督管理局)	September 14, 2016	September 13, 2021
Henan Province Science and Technology SME Certificate (2017S0100155)	Aiou Electronic	Henan Provincial Department of Science and Technology (河南省科學技術廳)	January 12, 2018	January 11, 2021

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License, permits or approvals	Holder	Granting authority	Issuance date	Expiration date
High-tech Enterprise Certificate (GR841001013)	Aiou Electronic	Henan Provincial Department of Science and Technology (河南省科 學技術廳) Henan Provincial Department of Finance (河南省財政 廳) Henan Provincial Bureau of PRC Department of Taxation (國家稅務總局河南省 稅務局)	November 29, 2018	November 28, 2021
Construction Enterprise Qualification Certificate (D341205706)	Aiou Electronic	Zhengzhou Urban and Rural Construction Committee (鄭州市城 鄉建設委員會)	April 8, 2019	April 8, 2024
Travel Agency Business License (豫旅[2016]177號)	New Life Travel Services	Henan Provincial Tourism Bureau (河南 省旅遊局)	December 28, 2017	—
Travel Agency Business License (豫旅[2013]179號)	Jiuyou Travel Agency	Henan Provincial Tourism Bureau (河南 省旅遊局)	December 28, 2017	—
Forest Seed Production and Operation Certificate (41062220190005)	Central China Gardening and Seedling Development	Qi County Natural Resources Bureau (淇 縣自然資源局)	June 13, 2019	June 12, 2024
Jianye + New Life Service Platform ICP Filing (豫ICP備16007257號-2)	One Family Network	MIIT	June 6, 2019	—

Notes:

- (1) Our Directors believe that there will be no material legal impediment to renew these licenses.
- (2) The license holders are in the process of applying for the renewal of these licenses. Our Directors believe that there will be no material legal impediment to renew these licenses.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations. As advised by our PRC Legal Advisors, as of the Latest Practicable Date, we had duly obtained and maintained all major licenses, permits and certificates required by applicable laws and regulations for our operations. Our Directors confirm, and to the best knowledge of our PRC Legal Advisors, save as disclosed below in this paragraph, we had complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

From time to time, we may be involved in legal proceedings or disputes in the ordinary course of business, such as contract disputes with our customers and suppliers. As at the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our financial position or results of operations.

We set out below the non-compliance incidents relating to us during the Track Record Period:

Non-compliance incident	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken
<p>During the Track Record Period, we made loans (the “<i>Loans</i>”) to Hongdao Investment, Jianye Holdings and Henan Central China Football Club Co., Ltd.* (河南建業足球俱樂部股份有限公司), which were entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang at the material time. The loans were unsecured and carry an annual interest rate of 9.0%.</p> <p>As of December 31, 2017, 2018 and 2019, the outstanding balance of the loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang were approximately RMB646.9 million, RMB564.0 million and nil, respectively. The interest income derived in relation to the loans amounted to RMB56.3 million, RMB 48.9 million and RMB13.2 million for the years ended December 31, 2017, 2018 and 2019. The loans were settled as of June 30, 2019.</p>	<p>These non-compliance incidents were primarily attributable to our failing to appreciate that making such loans were prohibited under applicable PRC laws and regulations.</p>	<p>According to the General Lending Provisions (貸款通則) promulgated by PBOC in 1996, only financial institutions may legally engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. The PBOC may impose a fine equivalent to one to five times of the income generated (being interests charged) from the loan advancing activities between enterprises. However, according to the Provisions of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定) (the “<i>Provisions</i>”), which became effective on September 1, 2015, the validity of inter-company loan agreements which are for the needs of production and operation should be generally supported by the people’s courts except they fall into the invalid contract circumstances regulated under the Provisions and under the PRC Contract Law (中華人民共和國合同法).</p>	<p>We have established an internal control policy that prohibits all lending to third party corporations of any amount. We will not approve any lending to any third party corporations going forward. We will conduct regular internal trainings in respect of our lending policies on a regular basis to ensure that, among other things, no lending to third party corporations will occur again in the future. Our audit committee will monitor and assess the effectiveness of the internal control measures implemented by us on a regular basis to prevent the recurrence of similar non-compliance incidents.</p>
<p>As of the Latest Practicable Date, our Directors confirm we had not received any penalties, investigation or notice from relevant authorities regarding such loans to related parties. Our PRC Legal Advisors are of the view that the risk of us being penalized based on the General Lending Provisions is remote on the basis that the above loan arrangements have been terminated and all such loans have been settled.</p>			

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Having considered the facts and circumstances leading to the non-compliance to relation to the Loans, the advices given by our PRC Legal Advisors, the relevant rectification and on-going compliance measures mentioned above, our Directors are of the view that our Group has adequate internal control procedures in place and that these past non-compliance incidents do not affect the suitability of our Directors under Rules 3.08 and 3.09 and the suitability for listing of our Company under Rule 8.04 of the Listing Rules. The Sole Sponsor concurred with such view of our Directors on the same basis as described above.