

Onewo Inc.

萬物雲空間科技服務股份有限公司

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

Stock Code : 2602

GLOBAL OFFERING



Joint Sponsors, Joint Representatives, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



IMPORTANT

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

Onewo Inc.

萬物雲空間科技服務股份有限公司

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 116,714,000 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 11,671,400 H Shares (subject to reallocation)
Number of International Offer Shares	: 105,042,600 H Shares including 11,671,400 Reserved Shares under the Preferential Offering (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$52.7 per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: RMB1.00 per H Share
Stock code	: 2602

**Joint Sponsors, Joint Representatives, Joint Global Coordinators,
Joint Bookrunners and Joint Lead Managers**



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



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

A copy of this Prospectus, having attached thereto the documents specified in the paragraph headed "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display" in this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other document referred to above.

The Offer Price is expected to be determined by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, September 22, 2022 (Hong Kong time) and, in any event, not later than Wednesday, September 28, 2022 (Hong Kong time). The Offer Price will be not more than HK\$52.7 per Offer Share and is currently expected to be not less than HK\$47.1 per Offer Share. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$52.7 per Hong Kong Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%, subject to refund if the Offer Price as finally determined is less than HK\$52.7 per Offer Share. If, for any reason, the Offer Price is not agreed by Wednesday, September 28, 2022 (Hong Kong time) between the Joint Representatives (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

We are incorporated, and a majority part of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in the sections headed "Risk Factors," "Appendix III — Summary of Principal Legal and Regulatory Provisions" and "Appendix IV — Summary of the Articles of Association" in this Prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting" in this Prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares are being offered and sold only (a) in the United States to Qualified Institutional Buyers in reliance on Rule 144A or another available exemption from the registration requirements under the U.S. Securities Act and (b) outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. This Prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at <https://www.onewo.com/>. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

September 19, 2022

IMPORTANT

IMPORTANT NOTICE TO INVESTORS FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at <https://www.onewo.com/>. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

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

- (1) apply online through the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or at www.hkeipo.hk; or
- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
 - (ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

IMPORTANT

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

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

Please refer to “How to Apply for Hong Kong Offer Shares and Reserved Shares” for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$
100	5,323.11	3,500	186,308.98	70,000	3,726,179.58	3,000,000	159,693,410.85
200	10,646.23	4,000	212,924.55	80,000	4,258,490.95	4,000,000	212,924,547.80
300	15,969.34	4,500	239,540.12	90,000	4,790,802.32	5,000,000	266,155,684.75
400	21,292.45	5,000	266,155.69	100,000	5,323,113.70	5,835,700 ⁽¹⁾	310,640,945.90
500	26,615.57	6,000	319,386.82	200,000	10,646,227.39		
600	31,938.68	7,000	372,617.96	300,000	15,969,341.09		
700	37,261.80	8,000	425,849.09	400,000	21,292,454.78		
800	42,584.91	9,000	479,080.24	500,000	26,615,568.48		
900	47,908.02	10,000	532,311.37	600,000	31,938,682.17		
1,000	53,231.14	20,000	1,064,622.74	700,000	37,261,795.87		
1,500	79,846.70	30,000	1,596,934.11	800,000	42,584,909.56		
2,000	106,462.28	40,000	2,129,245.48	900,000	47,908,023.26		
2,500	133,077.85	50,000	2,661,556.85	1,000,000	53,231,136.95		
3,000	159,693.42	60,000	3,193,868.21	2,000,000	106,462,273.90		

Note:

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

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

EXPECTED TIMETABLE¹

If there is any change in the following expected timetable of the Hong Kong Public Offering and the Preferential Offering, we will issue an announcement in Hong Kong to be published on the Company's website at <https://www.onewo.com/> and the website of the Stock Exchange at www.hkexnews.hk.

Despatch of **BLUE** Application Forms to Qualifying
China Vanke H Shareholders Monday, September 19, 2022

Hong Kong Public Offering and Preferential Offering
commence 9:00 a.m. on Monday,
September 19, 2022

Latest time to complete electronic applications under
the **HK eIPO White Form** service through
one of the ways below²:

- in the **IPO App** (which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp)
- the designated website www.hkeipo.hk 11:30 a.m. on Thursday,
September 22, 2022

Application lists of the Hong Kong Public Offering
and the Preferential Offering open³ 11:45 a.m. on Thursday,
September 22, 2022

Latest time to lodge **BLUE** Application Form 12:00 noon on Thursday,
September 22, 2022

Latest time to give **electronic application instructions**
to HKSCC⁴ 12:00 noon on Thursday,
September 22, 2022

Latest time to complete payment of **HK eIPO White Form**
applications by effecting Internet banking transfer(s) or
PPS payment transfer(s) 12:00 noon on Thursday,
September 22, 2022

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

EXPECTED TIMETABLE¹

Application lists of the Hong Kong Public Offering and
the Preferential Offering close 12:00 noon on Thursday,
September 22, 2022

Expected Price Determination Date⁵ Thursday, September 22, 2022

(1) Announcement of:

- Offer Price;
- an indication of the level of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering and
- the Preferential Offering; and
- the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares under the Hong Kong Public Offering and the Preferential Offering;

to be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at <https://www.onewo.com/>⁶ on or before¹⁰ Wednesday, September 28, 2022

(2) Announcement of results of allocations in the Hong Kong Public Offering and the Preferential Offering (including successful applicants' identification document numbers, where appropriate)

to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares — E. Publication of Results" in this Prospectus¹⁰ Wednesday, September 28, 2022

(3) A full announcement of the Hong Kong Public Offering and the Preferential Offering containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk and our

Company's website at <https://www.onewo.com/>⁶ from¹⁰ Wednesday, September 28, 2022

EXPECTED TIMETABLE¹

Results of allocations in the Hong Kong Public Offering and the Preferential Offering will be available the “IPO Results” function in the **IPO App** or at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a “search by ID” function from¹⁰ 8:00 a.m. on Wednesday, September 28, 2022 to 12:00 midnight on Tuesday, October 4, 2022

Allocation results telephone enquiry line by calling +852 3691 8488 between¹⁰ 9:00 a.m. and 6:00 p.m. Wednesday, September 28, 2022 to Monday, October 3, 2022 (excluding Saturday, Sunday and public holiday in Hong Kong)

Despatch/Collection of H Share certificates or deposit of the H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before¹⁰ Wednesday, September 28, 2022

Despatch/Collection of refund checks and **HK eIPO White Form** e-Auto Refund payment instructions in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before^{8,9,10} Wednesday, September 28, 2022

Dealings in H Shares on the Stock Exchange expected to commence at 9:00 a.m. on¹⁰ Thursday, September 29, 2022

Notes:

- 1 All times and dates refer to Hong Kong local time and date, except as otherwise stated.
- 2 You will not be permitted to submit your application under the **HK eIPO White Form** service through the **IPO App** or the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the **IPO App** or the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- 3 If there is/are a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning and/or Extreme Conditions in force at any time between 9:00 a.m. and 12:00 noon on Thursday, September 22, 2022, the application lists will not open on that day. See the section headed “How to Apply for Hong Kong Offer Shares and Reserved Shares — D. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” in this Prospectus.
- 4 Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed “How to Apply for Hong Kong Offer Shares and Reserved Shares — A. Applications for Hong Kong Offer Shares — 6. Applying Through The **CCASS eIPO** service” in this Prospectus.

EXPECTED TIMETABLE¹

- 5 The Price Determination Date is expected to be on or around Thursday, September 22, 2022, and, in any event, not later than Wednesday, September 28, 2022, or such other date as agreed between parties. If, for any reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company by Wednesday, September 28, 2022, or such other date as agreed between parties, the Global Offering will not proceed and will lapse.
- 6 None of the website or any of the information contained on the website forms part of this Prospectus.
- 7 H Share certificates are expected to be issued on Wednesday, September 28, 2022 but will only become valid at around 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed “Underwriting — Hong Kong Underwriting Arrangements — Hong Kong Public Offering — Grounds for Termination” in this Prospectus has not been exercised. Investors who trade H Shares before the receipt of H Share certificates or before they become valid do so entirely of their own risk.
- 8 e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Preferential Offering and also in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund check. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund check.
- 9 Applicants who have applied for Hong Kong Offer Shares through the **CCASS EIPO** service should refer to the section headed “How to Apply for Hong Kong Offer Shares and Reserved Shares — H. Despatch/Collection of H Share certificates and Refund Monies — Personal Collection — (iii) If you apply via the **CCASS EIPO** service” in this Prospectus for details.

Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering or **BLUE** Application Form for 1,000,000 or more Reserved Shares under Preferential Offering and have provided all information required by the Application Form can collect their refund check(s) (if any) and/or H Share certificates (if any) in person from our H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong between 9:00 a.m. to 1:00 p.m. on Wednesday, September 28, 2022. For applicants who apply through the **HK eIPO White Form** service and paid the application monies from a single bank account, e-Auto Refund payment instructions (if any) will be despatched to their application payment bank account on Wednesday, September 28, 2022. For applicants who apply through the **HK eIPO White Form** service and used multi-bank accounts to pay the application monies, refund cheque in favour of the applicant (or, in the case of joint applications, the first-named applicant) (if any) will be despatched to the address specified in their electronic application instruction to the **HK eIPO White Form** Service Provider on or before Wednesday, September 28, 2022 at their own risk.

H Share certificates and/or refund cheques for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares or Reserved Shares and any uncollected H Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed “How to Apply for Hong Kong Offer Shares and Reserved Shares — G. Refund of Application Monies” and “How to Apply for Hong Kong Offer Shares and Reserved Shares — H. Despatch/Collection of H Share Certificates and Refund Monies” in this Prospectus.

10. If there is/are a “black” rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong in any days between Monday, September 19, 2022 to Thursday, September 29, 2022, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering and the Preferential Offering; (ii) despatch/collection of the H Share certificates/e-Auto Refund payment instructions/refund cheques; and (iii) dealings in the H Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

EXPECTED TIMETABLE¹

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

The **BLUE** Application Forms have been despatched to all Qualifying China Vanke H Shareholders. In addition, Qualifying China Vanke H Shareholders will receive a copy of this Prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under China Vanke corporate communications policy.

If a Qualifying China Vanke H Shareholder has elected to receive corporate communications from China Vanke in printed form under China Vanke’s corporate communications policy or has not been asked to elect the means of receiving China Vanke’s corporate communications, a printed copy of this Prospectus in the elected language version(s) will be despatched to such Qualifying China Vanke H Shareholder.

If a Qualifying China Vanke H Shareholder has (a) elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from China Vanke, an electronic version of this Prospectus (which is identical to the printed Prospectus) can be accessed and downloaded from the websites of our Company at <https://www.onewo.com/> and the Stock Exchange at www.hkexnews.hk under the section headed “*HKEXnews > Listed Company Publications > Latest Listed Company Information.*” A Qualifying China Vanke H Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this Prospectus may at any time request for a printed copy of this Prospectus, free of charge, by sending a request in writing to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or by email to Computershare Hong Kong Investor Services Limited at chinavanke.ecom@computershare.com.hk. Computershare Hong Kong Investor Services Limited will promptly, upon request, send by ordinary post a printed copy of this Prospectus to such Qualifying China Vanke H Shareholder, free of charge, although such Qualifying China Vanke H Shareholder may not receive that printed copy of this Prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Qualifying China Vanke H Shareholders who require a replacement **BLUE** Application Form should contact **Tricor Investor Services Limited** at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or on its hotline +852 2980 1333.

Distribution of this Prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this Prospectus should not be distributed, forwarded or transmitted in, into or from the Specified Territory with or without the **BLUE** Application Forms, except to Qualifying China Vanke H Shareholders as specified in this Prospectus.

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This Prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Preferential Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares and the Reserved Shares offered by this Prospectus pursuant to the Hong Kong Public Offering and the Preferential Offering. This Prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

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

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SUMMARY

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

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

WHO WE ARE AND WHAT WE DO

Onewo is a leading property management service provider in China. 32 years ago, we kick-started our journey with the simple purpose of pursuing excellent property management services for more people – a purpose which still guides the way we do business in a highly competitive and fragmented sector today. According to Frost & Sullivan, we ranked first in China’s property management services market in 2021 in terms of basic property management service revenue, holding a market share of 4.28%. Drawing on our brand strength and service quality, we have expanded our business beyond property management and become a leading service provider with a growth model built upon the synergy of businesses across community, commercial and urban spaces, serving a diverse array of properties such as residential communities, workspaces and public premises, and a broad customer base covering property owners, corporate and other institutional clients. Leveraging R&D investments, we have developed AIoT and BPaaS solutions aiming to digitalize workflows, mobilize resources and improve efficiency of the spaces we serve. As our service offerings intertwine and further integrate with purpose-built technologies, we become well-prepared to achieve economies of scale and capture adjacent opportunities. In terms of geographic focus, we strive to provide quality services to customers in high-tier cities with strong economic fundamentals.

The following diagram illustrates our business model:



SUMMARY

With our continuous effort in exploring new growth directions and proactive approach to refining our business strategies, we have extended our service reach from single properties to community, commercial and urban spaces, and also developed different vertical business lines that cater to the evolving needs of customers we serve within each of the spaces. Our customer-centric philosophy allows us to know and serve customers better and manage our business more efficiently. The business model we established comprises the following three business segments:

- ***Community space living consumption services.*** Services we offer to individual customers, such as property owners and residents, are primarily categorized under this business segment. To address the diverse needs of property owners and residents in various consumption scenarios encompassing residential living, we provide a broad range of services in community space, including residential property services, home-related asset services and other community value-added services. We carry out residential property services using the *Vanke Service* brand. As an extension of our residential property services, we have also launched *Pulin* and a series of other brands to broaden our service offerings for community spaces, with a strategic focus on home-related asset services, including home sale and rental brokerage services and home renovation and furnishing services.
- ***Commercial and urban space integrated services.*** Services we offer to corporate, government and other institutional clients other than our AIoT and BPaaS solution services are categorized under this business segment. Aimed at creating pleasant commercial and urban spaces, we provide corporate, government and other institutional clients with property and facility management services, value-added services for developers and urban space integrated services. The establishment of our premium property and facility management brand, *Cushman & Wakefield Vanke Service*, marks our successful integration with Cushman & Wakefield's property and facility management services business in Greater China, as well as the inception of a new stage in our business development when clients became a strategic priority. We also offer urban space integrated services that benefit various stakeholders of the urban public spaces, including but not limited to government authorities and the general public, through the use of our *City Up* brand.
- ***AIoT and BPaaS solution services.*** Our technology offerings are separately grouped under this business segment. As part of our holistic approach to enhance service capabilities and efficiency, we have consistently invested in R&D activities and developed a series of technology-enabled solutions which focus on standardizing and digitalizing our services in community, commercial and urban spaces, including (i) AIoT solutions; and (ii) BPaaS solutions. These solutions served as the stepping stone for us to achieve remote operation of on-site services ahead of our peers in China and help more corporate customers across industries to explore future opportunities.

SUMMARY

Our Pathway of Growth

Since our inception in 1990, we have laid the foundations to support our sustainable growth with a sound corporate governance structure and Onewo culture of self-motivation. We continue to look beyond the status quo, shaping and leading the industry through relentless innovation. The following are our key features in the pathway of growth.

Multiple growth levers created by market-shaping brands

Vanke Service

Inspired by China Vanke Group’s vision of “delivering good property services (做好物業服務),” we have successfully established a highly-regarded and well-recognized brand of residential property services, *Vanke Service*. We were one of the early movers and standard-setters in the commercialization of property management services industry in China. In 1991, we introduced the concept of “collective governance,” a property management model integrating the self-governance of property owners and the expertise of a professional property manager, and participated in the establishment of the first property owners’ association in China. In 1996, we were awarded the residential property service agreement for Ludan Village (鹿丹村) in Shenzhen, which was China’s first residential community that selected property management service provider through a tender and bidding process. Also in 1996, we became the industry first to obtain ISO9002 certification, demonstrating our leading position in enhancing quality control of property management services. In 2001, we became one of the first batch of property management service providers in China to receive first-class property management qualification at a national level from the former Ministry of Construction (presently known as MOHURD) of the PRC.

Reacting nimbly to the evolving needs of property owners and residents in the community space, we created the “coordinator service system” spanning the full life cycle of services in community space, shifting our role from a “janitor,” who is only capable of undertaking basic property management functions such as cleaning, greening, security and repair and maintenance in the common area, to a “coordinator,” who can deliver an expanded suite of value-added services, such as home sale and rental brokerage services and home redecoration and furnishing services, based on a more comprehensive understanding of what property owners and residents need, and how we could serve them better.

SUMMARY

Cushman & Wakefield Vanke Service

We have been contemplating how to enhance our market position as an independent and competitive company rather than being regarded as the “after-sales department” of real estate developers for years. Inspired by the growth path of leading global real estate firms and supported by our established success in the residential property service sector, we decided to expand our reach into commercial spaces to reduce our reliance on China Vanke Group and other real estate developers. In July 2018, our Group subscribed for 4.9% of ordinary shares of *Cushman & Wakefield* plc (“*Cushman & Wakefield*”) (NYSE: CWK), one of the “Big Five” Global Real Estate Firms. Since then, our understanding of services in relation to commercial spaces has been strengthened through our involvement in *Cushman & Wakefield* as its strategic shareholder.

On December 12, 2019, we made a further move to form strategic partnership with *Cushman & Wakefield*. On January 6, 2020, our Group and *Cushman & Wakefield* became shareholders of Rugby Cayman Limited (currently known as CWVS Holding Limited, or “*CWVS*”), holding 65% and 35% interest, respectively.

Our launch of the *Cushman & Wakefield Vanke Service* brand for property and facility management services marks the integration of business, talents and experience from both parties, as well as our further business development especially by enriching our service portfolios with integrated facility management services. The strategic partnership has achieved the synergies of: (i) global vision and Greater China focus, (ii) integration of resources and talents including a versatile brand strategy, and (iii) expansion of client base through a land-and-expand approach. In 2021, according to Frost & Sullivan, in terms of revenue from property and facility management services in the PRC, we ranked the first and outperformed “Big Five” Global Real Estate Firms and all other international and local market players. For details of the synergies achieved as well as the key terms of strategic partnership arrangement in force between our Group and *Cushman & Wakefield*, see “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers during Track Record Period — Establishment of *Cushman & Wakefield Vanke Service*,” and “Business — Our Path of Growth.”

Serving a City

“Serving a city” was an idea that came into our mind as we rapidly grew and diversified our business across community and commercial spaces. By introducing urban space integrated services, we incorporate our expertise and insights into urban governance, creating value for a broader base of stakeholders. In May 2018, we were the first to implement “city-as-a-property (物業城市)” project in China, where we acted as a “city coordinator (城市管家)” offering full process solutions to empower the management, coordination and service operations of public resources and public premises of urban spaces.

SUMMARY

Mutually beneficial strategic partnership with China Vanke Group

As we continue to grow our business and expand our service offerings, we have established a broad client base covering property owners, property owners' associations, corporations, such as China Vanke Group, and municipal service providers. The strategic partnership between us and China Vanke Group is a long-standing, mutually beneficial and complementary one, and our status as a trusted partner of China Vanke Group, particularly in terms of property management services, AIoT solutions, sales center and model room management services and home sale services, is readily apparent. According to Vanke residential properties customer satisfaction survey conducted by FG Consulting (賽惟) in 2021, high-quality property management services was a critical factor contributing to the top repeat purchase rate of properties developed by China Vanke Group.

Synergistic value unlocked by “Remote & Hybrid” operation in Onewo Towns

Our “Onewo Town” (萬物雲街道) serves as a compelling example that highlights our ability to integrate service offerings with technology-enabled solutions. Onewo Towns are strategically selected sub-districts where we connect our managed properties and facilities across community, commercial and urban spaces to achieve synergistic operation, which could in turn allow us to enable economies of scale, capture new opportunities, and ultimately, establish a long-standing, collaborative relationship among service providers and customers. According to Frost & Sullivan, we are the first in the industry to adopt a density-focused and sub-district-anchored approach to expand our principal business.

Within each “Onewo Town”, we create a localized service network by: (i) making investments in the technology infrastructure to transform on-site work to remote operations (*Remote*); and (ii) integrating supply chain resources (such as subcontractors and workers) to mobilize resources across traditionally segregated spaces through dispatching system and achieve operational efficiency (*Hybrid*). For a detailed discussion of our Onewo Towns and the benefits derived from “Remote & Hybrid” operation, see “— Our Competitive Strengths — Our “Onewo Town” model creates new revenue opportunities and enables economies of scale.”

Our Mission

Our mission, “**Reshape Space Efficiency, Service For Ever Better** (重塑空間效率,服務歷久彌新),” illustrates in simple terms our commitment to spaces, assets, customers and service personnel. Our approach to fulfilling such mission is to continuously serve well, embrace innovation, and invest in technology to optimize service capabilities.

SUMMARY

OUR COMPETITIVE STRENGTHS

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

- we are a leading service provider in community, commercial and urban spaces in China with brand influence;
- synergy from our mutually beneficial partnership with China Vanke Group continues to underpin our growth;
- we continue to stay ahead of the curve through relentless innovation;
- we have outstanding market expansion capabilities and successful business integration experience;
- our long-term investments in R&D have equipped us with industry-leading technology capabilities;
- our “Onewo Town” model creates new revenue opportunities and enables economies of scale; and
- we have a management team with strategic vision, a functional organizational structure and an effective, scientific ESG approach.

OUR BUSINESS STRATEGIES

We intend to implement the following strategies to further grow our business, strengthen our market position, and create value for our shareholders:

- strengthen our brand influence, actively expand across geographies and grow our client base;
- further improve our overall technology capabilities with long-term investments;
- continue to expand our service offerings by virtue of being customer centric;
- continuously optimize our “Onewo Town” model, replicate its success on a national scale and build up our industrial Internet; and
- uphold our corporate values and maintain our leading position in the development and transformation of the industry.

SUMMARY

KEY OPERATING AND FINANCIAL MATRIX OF OUR PRINCIPAL BUSINESSES

The following table sets forth a breakdown of our total revenue by business segment and type of ultimate paying customer during the Track Record Period, both in absolute amount and as a percentage of total revenue during the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Community space living consumption services										
– China Vanke Group and its joint ventures or associates	315,528	2.3	426,007	2.3	507,615	2.1	67,706	1.4	119,264	1.7
– Independent Third Parties	<u>8,512,941</u>	<u>61.1</u>	<u>10,197,114</u>	<u>56.2</u>	<u>12,653,410</u>	<u>53.4</u>	<u>2,718,789</u>	<u>57.3</u>	<u>3,791,623</u>	<u>55.4</u>
Subtotal	<u>8,828,469</u>	<u>63.4</u>	<u>10,623,121</u>	<u>58.5</u>	<u>13,161,025</u>	<u>55.5</u>	<u>2,786,495</u>	<u>58.7</u>	<u>3,910,887</u>	<u>57.1</u>
Commercial and urban space integrated services										
– China Vanke Group and its joint ventures or associates	1,327,838	9.5	2,266,598	12.5	2,913,647	12.3	537,612	11.3	651,868	9.5
– Independent Third Parties	<u>2,964,759</u>	<u>21.3</u>	<u>4,221,991</u>	<u>23.3</u>	<u>5,779,481</u>	<u>24.4</u>	<u>1,085,470</u>	<u>22.9</u>	<u>1,785,975</u>	<u>26.1</u>
Subtotal	<u>4,292,597</u>	<u>30.8</u>	<u>6,488,589</u>	<u>35.8</u>	<u>8,693,128</u>	<u>36.7</u>	<u>1,623,082</u>	<u>34.2</u>	<u>2,437,843</u>	<u>35.6</u>
AIoT and BPaaS solution services										
– China Vanke Group and its joint ventures or associates	500,738	3.6	679,394	3.7	1,133,942	4.8	227,342	4.8	270,772	4.0
– Independent Third Parties	<u>305,485</u>	<u>2.2</u>	<u>354,360</u>	<u>2.0</u>	<u>716,444</u>	<u>3.0</u>	<u>110,636</u>	<u>2.3</u>	<u>228,020</u>	<u>3.3</u>
Subtotal	<u>806,223</u>	<u>5.8</u>	<u>1,033,754</u>	<u>5.7</u>	<u>1,850,386</u>	<u>7.8</u>	<u>337,978</u>	<u>7.1</u>	<u>498,792</u>	<u>7.3</u>
Total	<u>13,927,289</u>	<u>100.0</u>	<u>18,145,464</u>	<u>100.0</u>	<u>23,704,539</u>	<u>100.0</u>	<u>4,747,555</u>	<u>100.0</u>	<u>6,847,522</u>	<u>100.0</u>

SUMMARY

Residential Property Services

The table below sets forth a breakdown of key operating information of our residential property services under our community space living consumption services segment during the Track Record Period and as of the dates indicated by type of property developer.

	As of/for the year ended December 31,				As of/for the three months ended March 31,													
	2019		2020		2021		2022											
	No. of properties contracted to management	No. of properties under management	Average monthly saturated income per sq.m.	No. of properties contracted to management	No. of properties under management	Average monthly saturated income per sq.m.	No. of properties contracted to management	No. of properties under management										
Sq.m. in thousands	Sq.m. in thousands	Sq.m. in thousands	RMB	Sq.m. in thousands	Sq.m. in thousands	RMB	Sq.m. in thousands	Sq.m. in thousands										
China Vanke Group and its joint ventures or associates	1,192	249,339	878	3.18	361,269	1,356	283,135	1,031	417,809	1,607	326,681	1,218	3.31	425,287	1,632	329,773	1,232	3.31
Independent Third Parties	1,157	181,774	886	2.88	285,291	1,371	214,384	1,023	459,944	2,278	333,745	1,605	2.95	469,497	2,324	340,401	1,657	2.96
Total/Overall	2,349	431,113	1,764	3.06	646,560	2,727	497,519	2,054	877,753	3,885	660,426	2,823	3.13	894,784	3,956	670,174	2,889	3.14

Note:

- (1) Our transactions with China Vanke Group and its joint ventures or associates are on arms' length basis and on normal commercial terms in the ordinary and usual course of the Company's business.

SUMMARY

Our average monthly saturated income per sq.m. of residential properties under management increased from RMB3.06 in 2019 to RMB3.08 in 2020, and increased from RMB3.08 in 2020 to RMB3.13 in 2021, and further increased to RMB3.14 in the three months ended March 31, 2022, primarily because (i) we continued to secure new service mandates, for which we charge higher property service fees than the average service fees of existing residential properties under our management; and (ii) we successfully adjusted upward our service fees for certain residential properties we managed for years, reflecting property owners' recognition of our service quality. During the Track Record Period, average monthly saturated income per sq.m. of residential properties developed by China Vanke Group and its joint ventures or associated companies and managed by us (the “**Related Residential Projects**”) was RMB3.18, RMB3.20, RMB3.31 and RMB3.31, respectively, while average monthly saturated income per sq.m. of residential properties developed by Independent Third Parties and managed by us (the “**Independent Third Party Residential Projects**”) was RMB2.88, RMB2.92, RMB2.95 and RMB2.96, respectively. Our average monthly saturated income per sq.m. of Related Residential Projects was consistently higher than that of Independent Third Party Residential Projects during the Track Record Period, primarily because (i) Related Residential Projects are primarily mid- to high-end residential properties with relatively higher fee rates given the high-quality project development and strong brand premium of China Vanke Group; (ii) China Vanke Group shares similar customer-centric philosophy with us and their customers are generally more willing to agree on a higher service fee that the delivery of quality property services would require; and (iii) the newly engaged Related Residential Projects during the Track Record Period are primarily new residential properties in higher-tier cities and generally charge higher fee rates.

The table below sets forth a breakdown of key financial information of our residential property services under our community space living consumption services segment during the Track Record Period by type of property developer.

	For the year ended December 31,						For the three months ended March 31,												
	2019		2020		2021		2021		2022		2022								
	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin							
RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%								
China Vanke Group and its joint ventures or associates	4,820,127	66.5	663,255	13.8	5,887,146	64.5	1,095,999	18.6	6,932,047	61.0	1,079,584	15.6	1,978,590	55.7	299,957	15.2			
Independent Third Parties	2,431,252	33.5	26,894	1.1	3,242,996	35.5	273,837	8.4	4,430,583	39.0	185,794	4.2	893,519	36.1	14,765	1.7	1,574,895	44.3	
Total/Overall	7,251,379	100.0	690,149	9.5	9,130,142	100.0	1,369,836	15.0	11,362,630	100.0	1,265,378	11.1	2,473,474	100.0	276,361	11.2	3,553,485	100.0	362,146

SUMMARY

Note:

(1) Our transactions with China Vanke Group and its joint ventures or associates are on arms' length basis and on normal commercial terms in the ordinary and usual course of the Company's business.

Our gross profit margin of residential property services increased from 9.5% in 2019 to 15.0% in 2020, primarily due to (i) the fact that we were entitled to certain social security relief aimed at mitigating the impact of COVID-19 in 2020; and (ii) the economies of scale we achieved as a result of our business expansion. Our gross profit margin of residential property services decreased from 15.0% in 2020 to 11.1% in 2021, primarily because certain social security relief aimed at mitigating the impact of COVID-19 was no longer enjoyed by us in 2021. Our gross profit margin of residential property services decreased from 11.2% for the three months ended March 31, 2021, to 10.2% for the same period of 2022, which was primarily due to amortization of intangible assets resulted from our historical acquisitions. In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, gross profit margin of Related Residential Properties was 13.8%, 18.6%, 15.6%, 16.6%, and 15.2%, respectively, while gross profit margin of Independent Third Party Residential Projects was 1.1%, 8.4%, 4.2%, 1.7%, and 3.9%, respectively. Our gross profit margin of Related Residential Projects was consistently higher than that of Independent Third Party Residential Projects during the Track Record Period, primarily because (i) Related Residential Projects are primarily mid- to high-end residential properties with relatively higher fee rates given the high-quality project development and strong brand premium of China Vanke Group and generally require less maintenance; (ii) the occurrence of initial and one-off costs at the early stage of our management of certain Independent Third Party Residential Projects with respect to, among others, service team set-up and purchase and installment of hardware and software products, primarily because such projects usually require revamps to meet our service standards, which is critical for customer satisfaction; and (iii) our recognition of amortization of intangible assets for Independent Third Party Residential Projects we secured through acquisitions through which we expanded our spatial density and diversity in line with our business development strategy.

SUMMARY

Property and Facility Management Services

The table below sets forth a breakdown of key operating information of our property and facility management services under our commercial and urban space integrated services segment during the Track Record Period and as of the dates indicated by type of property developer.

	As of/for the year ended December 31,						As of/for the three months ended March 31,											
	2019			2020			2021			2022								
	No. of projects contracted to management	Average monthly saturated income per sq.m. ⁽¹⁾	Sq.m. in thousands	No. of projects contracted to management	Average monthly saturated income per sq.m. ⁽¹⁾	Sq.m. in thousands	No. of projects under management	Average monthly saturated income per sq.m. ⁽¹⁾	Sq.m. in thousands	No. of projects contracted to management	Average monthly saturated income per sq.m. ⁽¹⁾	Sq.m. in thousands	No. of projects under management	Average monthly saturated income per sq.m. ⁽¹⁾	Sq.m. in thousands			
China Vanke Group and its joint ventures or associates	178	5.49	11,257	154	5.64	14,693	197	5.64	20,966	266	19,100	249	6.30	21,625	277	19,515	257	6.64
Independent Third Parties	503	4.58	36,994	469	5.06	64,648	782	5.06	115,153	1,398	105,455	1,316	5.48	125,550	1,477	116,087	1,393	5.59
Total/Overall	681	4.89	48,251	623	5.22	79,341	979	5.22	136,119	1,664	124,555	1,565	5.70	147,175	1,754	135,602	1,650	5.84

Notes:

- (1) Applicable to property and facility management service projects adopting Unit Price Model only. See “Business – Commercial and Urban Space Integrated Services – Property and Facility Management Services – Revenue Model – Pricing Policy.”
- (2) Our transactions with China Vanke Group and its joint ventures or associates are on arms’ length basis and on normal commercial terms in the ordinary and usual course of the Company’s business.

Our average monthly saturated income per sq.m. of property and facility management service projects adopting Unit Price Model increased from RMB4.89 in 2019 to RMB5.22 in 2020, and increased from RMB5.22 in 2020 to RMB5.70 in 2021, and further increased to RMB5.84 in the three months ended March 31, 2022, primarily because (i) we continued to secure new property and facility management service mandates for high-quality commercial properties with a focus on core areas in first-tier, new first-tier and second-tier cities, where average property service fees are higher; and (ii) we successfully adjusted upward our service fees for certain property and facility management service projects as we renewed our mandates, reflecting customers' recognition of our service quality. During the Track Record Period, average monthly saturated income per sq.m. of our property and facility management service projects developed by China Vanke Group and its joint ventures or associated companies (the “**Related PFM Projects**”) which adopted Unit Price Model was RMB5.49, RMB5.64, RMB6.30 and RMB6.64, respectively, while average monthly saturated income per sq.m. of our property and facility management service projects developed by either (i) Independent Third Parties; or (ii) China Vanke Group and its joint ventures or associated companies but subsequently en bloc sold to Independent Third Parties (the “**Independent Third Party PFM Projects**”), which adopted Unit Price Model was RMB4.58, RMB5.06, RMB5.48 and RMB5.59, respectively. Our average monthly saturated income per sq.m. of Related PFM Projects was consistently higher than that of Independent Third Party PFM Projects during the Track Record Period, primarily because (i) a large number of our Related PFM Projects had multiple ownership structures and/or multiple tenants. The owners or tenants for such properties are normally small- to medium-sized enterprises. In such projects, if the multiple owners or tenants would like to negotiate a lower fee rate with us, they usually need to reach an agreement internally, which is practically burdensome given it may require various communications and administrative work among themselves, which in return put us in a relatively more favorable position when negotiating fee terms; and (ii) as part of the execution strategy for expanding our portfolio under management and diversifying our customer base, we have also opted to provide relatively more competitive pricing for obtaining certain Independent Third Party PFM Projects.

SUMMARY

The table below sets forth a breakdown of key financial information of property and facility management services under our commercial and urban space integrated services segment during the Track Record Period by type of property developer.

	For the year ended December 31,						For the three months ended March 31,													
	2019		2020		2021		2021		2022		2022									
	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin								
RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%									
China Vanke Group and its joint ventures or associates	439,237	17.1	93,580	21.3	621,097	15.4	137,449	22.1	890,843	16.8	182,080	20.4	189,234	18.5	27,930	14.8	276,362	16.7	45,755	16.6
Independent Third Parties	2,129,536	82.9	305,763	14.4	3,402,219	84.6	437,318	12.9	4,397,226	83.2	543,447	12.4	831,166	81.5	86,565	10.4	1,375,584	83.3	129,966	9.4
Total/Overall	2,568,773	100.0	399,343	15.5	4,023,316	100.0	574,767	14.3	5,288,069	100.0	725,527	13.7	1,020,400	100.0	114,495	11.2	1,651,946	100.0	175,721	10.6

Note:

(1) Our transactions with China Vanke Group and its joint ventures or associates are on arms' length basis and on normal commercial terms in the ordinary and usual course of the Company's business.

Our gross profit margin of property and facility management services decreased from 15.5% in 2019 to 14.3% in 2020, primarily due to the expansion of our project portfolio to include a higher portion of service mandates with industry-leading corporate clients, which typically contained fee terms less favorable to the service provider given the strong bargaining power of such corporate clients. Our gross profit margin of property and facility management services decreased from 14.3% in 2020 to 13.7% in 2021, primarily because certain social security relief aimed at mitigating the impact of COVID-19 was no longer enjoyed by us in 2021. Our gross profit margin of property and facility management services slightly decreased from 11.2% for the three months ended March 31, 2021, to 10.6% for the same period of 2022, which was primarily due to amortization of intangible assets resulted from our historical acquisitions. In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, gross profit margin of Related PFM Properties was 21.3%, 22.1%, 20.4% and 16.6%, respectively, while gross profit margin of Independent Third Party PFM Projects was 14.4%, 12.9%, 12.4% and 9.4%, respectively. Our gross profit margin of Related PFM Projects was consistently higher than that of Independent Third Party PFM Projects during the Track Record Period, primarily because (i) a large number of Related PFM Projects had multiple ownership structures and/or multiple tenants, for which we generally charge a higher fee rate. The owners or tenants for such properties are normally small- to medium-sized enterprises. In such projects, if the multiple owners or tenants would like to negotiate a lower fee rate with us, they usually need to reach an agreement internally, which is practically burdensome given it may require various communications and administrative work among themselves, which in return put us in a relatively more favorable position when negotiating fee terms; (ii) as part of the execution strategy for expanding our portfolio under management and diversifying our customer base, we have also opted to provide relatively more competitive pricing for obtaining certain Independent Third Party PFM Projects; and (iii) our recognition of amortization of intangible assets for Independent Third Party Residential Projects we secured through acquisitions.

SUMMARY

AIoT and BPaaS Solution Services

AIoT Solution Services

Major customers of our AIoT solution services include property developers, property managers and government and corporate clients. The table below sets forth a breakdown of revenue from AIoT solutions and the number of new projects by type of ultimate paying customers during the Track Record Period.

	Year ended December 31,						Three months ended March 31,			
	2019		2020		2021		2021		2022	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
China Vanke Group and its joint ventures or associated companies . . .	497,328	71.8	544,739	69.6	834,904	68.6	183,148	71.0	194,795	62.5
Independent Third Parties	195,245	28.2	238,044	30.4	381,448	31.4	74,870	29.0	116,681	37.5
Total	692,573	100.0	782,783	100.0	1,216,352	100.0	258,018	100.0	311,476	100.0

The table below sets forth certain operating information of our AIoT solution services during the Track Record Period.

	Year ended December 31,			Three months ended March 31,
	2019	2020	2021	2022
Number of projects under performance	1,088	1,440	1,686	559
Number of new projects	634	735	801	197
Average revenue per project (RMB'000) ⁽¹⁾	637	544	721	557
Number of paying customers	718	894	1,030	415
Average revenue per customer (RMB'000) ⁽²⁾	965	876	1,181	751

Notes:

- (1) Average revenue per project is calculated as the revenue of the Group for the financial year or period derived from our AIoT solution services divided by the total number of contracts under performance for the same year or period.
- (2) Average revenue per customer is calculated as the revenue of the Group for the financial year or period derived from our AIoT solution services divided by the total number of paying customers for the same year or period.

SUMMARY

BPaaS Solution Services

The table below sets forth certain operating information of our remote enterprise operation services during the Track Record Period.

	Year ended December 31,			Three months ended March 31,
	2019	2020	2021	2022
Number of contracts performed	55	97	197	318
Average revenue per contract (RMB'000) ⁽¹⁾ . .	1,060	1,963	2,358	433
Number of paying customers	9	23	89	155
Number of repeat customers	N/A	9	23	89
Average revenue per customer (RMB'000) ⁽²⁾ . .	6,461	8,114	5,204	888

Notes:

- (1) Average revenue per contract is calculated as the revenue of the Group for the financial year or period derived from our remote enterprise operation services divided by the total number of contracts performed for the same year or period.
- (2) Average revenue per customer is calculated as the revenue of the Group for the financial year or period derived from our remote enterprise operation services divided by the total number of paying customers for the same year or period.

We provide remote space operation services, such as intelligent urban space workflow management services and operation data analysis services to companies which engage in urban space integrated services. We generally charge our clients a digitalized operation service fee amounting to around 2% of their revenue each year and share their profits or losses based on our equity interests herein.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, revenue from sales to our five largest customers amounted to RMB2,161.7 million, RMB3,748.4 million, RMB4,718.0 million and RMB1,330.2 million, respectively, which accounted for approximately 15.5%, 20.7%, 19.9% and 19.4%, respectively, of our total revenue. During the Track Record Period, revenue from sales to our single largest customer, China Vanke Group, amounted to RMB1,770.0 million, RMB2,798.7 million, RMB3,820.5 million and RMB899.9 million, respectively, which accounted for approximately 12.7%, 15.4%, 16.1% and 13.1%, respectively, of our total revenue. We have established ongoing business relationships and cooperation with our largest customer, China Vanke Group for nearly three decades.

During the Track Record Period, purchases from our five largest suppliers amounted to RMB259.8 million, RMB3,364.7 million, RMB4,177.7 million and RMB1,255.0 million, respectively, which accounted for approximately 5.6%, 44.6%, 38.0% and 36.7%, respectively, of our total purchases. During the Track Record Period, purchases from our single largest supplier amounted to RMB97.9 million, RMB2,993.2 million, RMB3,699.9 million and

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RMB1,087.3 million, respectively, which accounted for approximately 2.1%, 39.7%, 33.7% and 31.8%, respectively, of our total purchases. Please see “Business — Customers” and “Business — Suppliers” for details.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, China Vanke was interested in and entitled to exercise in aggregate approximately 62.89% of the voting rights in our Company through (i) 600,000,000 Domestic Shares beneficially owned by China Vanke, representing approximately 57.12% of our total issued share capital; and (ii) a total of 60,602,000 Domestic Shares through Wanqing, Wanhu, Wanmazhengxian, Yingda Investment Fund, Wanshuzhimiao and Wanhuquanyuan (each being a wholly-owned subsidiary of China Vanke), representing approximately 5.77% of our total issued share capital. Accordingly, China Vanke, Wanqing, Wanhu, Wanmazhengxian, Yingda Investment Fund, Wanshuzhimiao and Wanhuquanyuan together constitute our Controlling Shareholders Group.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), our Controlling Shareholders Group will be able to exercise in aggregate approximately 56.60% of the voting rights in our Company and therefore, will remain as our Controlling Shareholders Group pursuant to the Listing Rules. For more information, see the section headed “Relationship with Our Controlling Shareholders.”

OUR RELATIONSHIP WITH CHINA VANKE GROUP

China Vanke Group is a leading property developer in the PRC, which recorded a total contract sales amount in terms of real estate development business of RMB630.8 billion, RMB704.2 billion, RMB627.8 billion, RMB179.5 billion and RMB106.5 billion, respectively, for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, respectively. We have provided property services to the projects of the China Vanke Group for 28 years. We consider that the business relationship between our Group and the China Vanke Group has been mutually beneficial, complementary and stable.

As we continue to grow our business and expand our service offerings, we have established a broad customer base covering property owners, corporate and other institutional clients and do not have significant reliance on the China Vanke Group to source projects or generate revenue. For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, (a) our revenue generated from the China Vanke Group and its joint ventures or associates under community space living consumption services amounted to 2.3%, 2.3%, 2.1% and 1.7% of our total revenue, respectively, whereas revenue derived from residential properties developed by the China Vanke Group and its joint ventures or associated companies accounted for 66.5%, 64.5%, 61.0% and 55.7% of our revenue from residential property services, respectively; (b) our revenue generated from the China Vanke Group and its joint ventures or associates under the commercial and urban space integrated services amounted to 9.5%, 12.5%, 12.3% and 9.5% of our total revenue, respectively, whereas revenue derived from projects developed by the China Vanke Group and its joint ventures or associated

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companies accounted for 17.1%, 15.4%, 16.8% and 16.7% of our revenue from property and facility management services, respectively; and (c) our revenue generated from the China Vanke Group and its joint ventures or associates under AIoT and BPaaS solution services amounted to 3.6%, 3.7%, 4.8% and 4.0% of our total revenue, respectively, whereas revenue generated from China Vanke Group and its joint ventures or associates accounted for 62.1%, 65.7%, 61.3% and 54.3% of our revenue from AIoT and BPaaS solution services, respectively. While the China Vanke Group was our largest customer during the Track Record Period, a substantial majority of our revenue was generated from independent third party customers, representing approximately 84.6%, 81.4%, 80.8% and 84.8% of our total revenue during the Track Record Period.

We have entered into a number of agreements or transactions with the Retained China Vanke Group in our ordinary and usual course of business, including the provision of property services, value-added services and AIoT and BPaaS solution services, etc. Such transactions are on normal commercial terms and will constitute continuing connected transactions upon Listing. Certain transactions with the Retained China Vanke Group will constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules upon Listing and therefore we have applied, and the Stock Exchange has granted, waivers in relation thereto, see the section headed “Connected Transactions” for further details.

For further details on our relationship with the China Vanke Group, see the section headed “Relationship with Our Controlling Shareholders” and “Business — Our Competitive Strengths — Synergy from our mutually beneficial partnership with China Vanke Group continues to underpin our growth.” For further details on risk factors associated with our relationship with the China Vanke Group, see “— Our trade and retention receivables due from China Vanke Group and its joint ventures or associated companies constituted a significant component of our total trade and retention receivables”, “— A significant portion of our revenue was from services provided in relation to properties developed and/or owned by China Vanke Group during the Track Record Period” and “— We are subject to the regulatory environment and measures affecting the PRC property service and real estate industries, including government guidance on property service fee levels” under the section headed “Risk Factors.”

PRE-IPO INVESTMENTS

We have entered into several rounds of Pre-IPO Investments since 2017. See the section headed “History, Development and Corporate Structure — Pre-IPO Investments” for further details and identity and background of the Pre-IPO Investors.

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CERTAIN WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules so that the minimum percentage of our Shares from time to time held by the public will be the higher of (a) 10.0%; and (b) such percentage of H Shares to be held by the public after the exercise of the Over-allotment Option, of the enlarged issued share capital of our Company. For more details, see “Waivers from Strict Compliance with the Listing Rules — Waiver in respect of public float requirements” in this Prospectus.

THE SPIN-OFF AND THE PREFERENTIAL OFFERING

Our Listing will constitute a Spin-off of China Vanke. Our Directors are of the view that the Spin-off is in the interests of China Vanke and its shareholders as a whole, as the Spin-off will, among other things, (a) provide China Vanke and its shareholders with an opportunity to realize the value of investment in our Group under a standalone platform of our business; (b) enable our Group to be separately listed and build a separate fund-raising platform; (c) enable our Group to enhance its corporate profile to attract strategic investors; (d) enable more focused development, strategic planning and better allocation of resources for China Vanke and our Group respectively; (e) strengthen our reputation, thus leading to potentially better operational performance and better realization of our value; and (f) improve the operational and financial transparency of our Group.

The Spin-off by China Vanke complies with the requirements of Practice Note 15 of the Listing Rules. Our Company has obtained the approval of the shareholders of China Vanke at an extraordinary shareholders’ general meeting and class meetings of A shareholders and H shareholders of China Vanke on November 26, 2021 approving, among others, the Spin-off and Listing of our Company.

To enable China Vanke H Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares on the Main Board of the Stock Exchange and such approval not having been withdrawn and the Global Offering becoming unconditional, Qualifying China Vanke H Shareholders are being invited to apply for Reserved Shares in the Preferential Offering, representing no more than 10% of the Offer Shares initially being offered under the Global Offering (assuming that the Over-allotment Option is not exercised), as an Assured Entitlement. For details, see “Structure of the Global Offering — The Preferential Offering.”

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SUMMARY KEY FINANCIAL INFORMATION

The summary historical data of financial information set forth below is derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountant's Report attached as Appendix I to this Prospectus, as well as the information set forth in "Financial Information." Our financial information was prepared in accordance with IFRS.

Principal Components of Our Consolidated Statements of Profit or Loss

The following table summarizes our results of operations for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Revenue	13,927,289	100.0	18,145,464	100.0	23,704,539	100.0	4,747,555	100.0	6,847,522	100.0
Cost of sales	(11,458,895)	(82.3)	(14,780,734)	(81.5)	(19,684,527)	(83.0)	(4,048,400)	(85.3)	(5,856,653)	(85.5)
Gross profit	2,468,394	17.7	3,364,730	18.5	4,020,012	17.0	699,155	14.7	990,869	14.5
Other income and gains	324,557	2.3	370,873	2.0	417,318	1.8	91,408	1.9	84,656	1.2
Selling and distribution expenses	(128,139)	(0.9)	(166,418)	(0.9)	(257,152)	(1.1)	(34,916)	(0.7)	(80,856)	(1.2)
Administrative expenses	(1,077,885)	(7.7)	(1,362,551)	(7.5)	(1,791,847)	(7.6)	(321,601)	(6.8)	(476,900)	(7.0)
Impairment losses on financial assets, net	(143,380)	(1.0)	(117,296)	(0.6)	(68,669)	(0.3)	(27,807)	(0.6)	(81,576)	(1.2)
Other expenses	(3,452)	(0.0)	(22,181)	(0.1)	(22,950)	(0.1)	(2,595)	(0.1)	(1,611)	(0.0)
Finance costs	(6,268)	(0.0)	(14,428)	(0.1)	(10,207)	(0.0)	(2,580)	(0.1)	(3,017)	(0.0)
Share of profits of joint ventures	7,564	0.1	44,349	0.2	(12,331)	(0.1)	(2,862)	(0.1)	(2,165)	(0.0)
Share of profits of associates	13,330	0.1	11,795	0.1	45,835	0.2	(4,244)	(0.1)	(2,163)	(0.0)
Profit before tax	1,454,721	10.6	2,108,873	11.6	2,320,009	9.8	393,958	8.1	427,237	6.3
Income tax expense	(414,442)	(3.1)	(590,018)	(3.2)	(605,718)	(2.6)	(106,525)	(2.0)	(108,485)	(1.6)
Profit for the year/period	1,040,279	7.5	1,518,855	8.4	1,714,291	7.2	287,433	6.1	318,752	4.7
Attributable to:										
Owners of the parent	1,019,894	98.0	1,464,039	96.4	1,667,642	97.3	281,609	98.0	311,651	97.8
Non-controlling interests	20,385	2.0	54,816	3.6	46,649	2.7	5,824	2.0	7,101	2.2

The following table sets forth a breakdown of our cost of sales for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Subcontracting costs	2,455,444	21.4	6,732,459	45.5	8,515,209	43.3	1,936,917	47.8	2,665,955	45.5
Staff costs	6,433,060	56.1	5,208,980	35.2	7,235,047	36.8	1,501,468	37.1	2,180,941	37.2
Common area facility costs	1,132,452	9.9	1,239,078	8.4	1,766,140	9.0	227,826	5.6	384,885	6.6
Engineering costs	462,397	4.0	613,732	4.2	1,010,246	5.1	195,291	4.8	233,953	4.0
Office and other related costs	807,345	7.1	848,270	5.8	848,307	4.2	143,188	3.5	238,435	4.1
Depreciation and amortization	168,197	1.5	138,215	0.9	309,578	1.6	43,710	1.2	152,484	2.6
Total	11,458,895	100.0	14,780,734	100.0	19,684,527	100.0	4,048,400	100.0	5,856,653	100.0

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The table below sets forth a breakdown of our revenue, gross profit and gross profit margin during the Track Record Period by business segment and service line.

	For the year ended December 31,						For the three months ended March 31,													
	2019		2020		2021		2021		2022		2022									
	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin								
RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%									
<i>(unaudited)</i>																				
Community space living consumption services																				
- Residential property services	7,251,379	52.1	9,130,142	50.3	1,369,836	15.0	11,362,630	47.9	1,265,378	11.1	2,473,474	52.1	3,553,485	51.9	362,146	10.2				
- Home-related asset services	890,041	6.4	294,055	33.0	950,440	5.2	301,567	31.7	1,255,539	5.3	380,736	30.3	216,577	4.6	53,540	24.7	240,573	3.5	62,938	26.2
- Other community value-added services	687,049	4.9	435,213	63.3	542,539	3.0	320,105	59.0	542,856	2.3	438,384	80.8	96,444	2.0	70,695	73.3	116,829	1.7	90,868	77.8
Subtotal/Overall	8,828,469	63.4	1,419,417	16.1	10,623,121	58.5	1,991,508	18.7	13,161,025	55.5	2,084,498	15.8	2,786,495	58.7	400,596	14.4	3,910,887	57.1	515,952	13.2
Commercial and urban space integrated services																				
- Property and facility management services	2,568,773	18.4	399,343	15.5	4,023,316	22.2	574,767	14.3	5,288,069	22.4	725,527	13.7	1,020,400	21.5	114,495	11.2	1,651,946	24.1	175,721	10.6
- Value-added services for developers	1,693,247	12.2	476,288	28.1	2,363,247	13.0	529,742	22.4	3,065,277	12.9	597,792	19.5	558,744	11.8	85,560	15.3	663,737	9.7	109,340	16.5
- Urban space integrated services	30,577	0.2	2,808	9.2	102,026	0.6	14,280	14.0	339,782	1.4	59,196	17.4	43,938	0.9	13,592	30.9	122,160	1.8	25,202	20.6
Subtotal/Overall	4,292,597	30.8	878,439	20.5	6,488,589	35.8	1,118,789	17.2	8,693,128	36.7	1,382,515	15.9	1,623,082	34.2	213,647	13.2	2,437,843	35.6	310,263	12.7

SUMMARY

	For the year ended December 31,					For the three months ended March 31,												
	2019		2020		2021		2021		2022									
	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin								
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%								
<i>(unaudited)</i>																		
AIoT and BPaaS solution services																		
- AIoT solutions	692,573	5.0	782,783	4.3	217,904	27.8	1,216,352	5.1	300,718	24.7	258,018	5.4	52,932	20.5	311,476	4.6	87,331	28.0
- BPaaS solutions.	113,650	0.8	250,971	1.4	36,529	14.6	634,034	2.7	252,281	39.8	79,960	1.7	31,980	40.0	187,316	2.7	77,323	41.3
Subtotal/Overall	806,223	5.8	1,033,754	5.7	254,433	24.6	1,850,386	7.8	552,999	29.9	337,978	7.1	84,912	25.1	498,792	7.3	164,654	33.0
Total/Overall	13,927,289	100.0	18,145,464	100.0	3,364,730	18.5	23,704,539	100.0	4,020,012	17.0	4,747,555	100.0	699,155	14.7	6,847,522	100.0	990,869	14.5

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In 2019, 2020 and 2021, our revenue increased by 30.3% from RMB13,927.3 million in 2019 to RMB18,145.5 million in 2020 and further increased by 30.6% to RMB23,704.5 million in 2021. Our revenue increased from RMB4,747.6 million in the three months ended March 31, 2021 to RMB6,847.5 million in the three months ended March 31, 2022.

In 2019, 2020 and 2021, our cost of sales increased by 29.0% from RMB11,458.9 million in 2019 to RMB14,780.7 million in 2020 and further increased by 33.2% to RMB19,684.5 million in 2021, in line with our business expansion. Our cost of sales increased by 44.7% from RMB4,048.4 million for the three months ended March 31, 2021 to RMB5,856.7 million for the same period of 2022. Meanwhile, our cost of sales accounted for 82.3%, 81.5%, 83.0%, 85.3% and 85.5%, respectively, of our total revenue in 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022.

In 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our gross profit was RMB2,468.4 million, RMB3,364.7 million, RMB4,020.0 million, RMB699.2 million and RMB990.9 million, respectively. The overall increase in our gross profit was primarily in line with the aforementioned growth in our revenue.

In 2019, 2020 and 2021, our gross profit margin was 17.7%, 18.5% and 17.0%, respectively. In the three months ended March 31, 2021 and 2022, our gross profit margin was 14.7% and 14.5%, respectively. Our overall gross profit margins are primarily affected by our business mix, pricing policies, and cost structures. Our gross profit margin increased from 17.7% in 2019 to 18.5% in 2020 primarily driven by the increase in the gross profit margin of community space living consumption services from 16.1% to 18.7%. Such increase was primarily attributable to (i) certain social security relief aimed at mitigating the impact of COVID-19 in 2020 and (ii) economies of scale as a result of our business expansion. Our gross profit margin decreased from 18.5% in 2020 to 17.0% in 2021, primarily because the gross profit margin of community space living consumption services decreased from 18.7% in 2020 to 15.8% in 2021. Such decrease was primarily due to certain social insurance relief that the Company was entitled to in 2020 was no longer available in 2021. Our gross profit margin decreased from 14.7% for the three months ended March 31, 2021 to 14.5% for the same period of 2022, primarily driven by the decrease in gross profit margin for residential property services from 11.2% in the three months ended March 31, 2021 to 10.2% in the three months ended March 31, 2022. Such decrease was primarily due to amortization of intangible assets resulted from our historical acquisitions. For details of the material fluctuations of gross profit margin by type of services during the Track Record Period, please see “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Gross profit and gross profit margin.”

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The reason for the lower gross profit margin and profit before tax for the three months ended March 31, 2021 and 2022 compared to the full financial year was that the demand for certain service lines, such as (i) home redecoration and furnishing services under home-related asset services; (ii) event support services and concierge services under property and facility management services; and (iii) sales center and model room management services under value-added services for developers, was lower around the Spring Festival, resulting in smaller revenue generated but a relatively fixed cost structure. However, the business operation of our residential property services was not subject to seasonal fluctuation.

Our gross profit and gross profit margin were also negatively impacted by the amortization of intangible assets resulted from our historical acquisitions through which we expanded our spatial density and diversity in line with our business development strategy, at an amount of RMB112.3 million, RMB80.9 million and RMB193.4 million in 2019, 2020 and 2021, respectively. The amortization of intangible assets resulted from our historical acquisitions amounted to RMB20.5 million and RMB127.2 million in the three months ended March 31, 2021 and 2022, respectively. For details of our accounting policy, please see “Financial Information — Significant Accounting Policies, Judgments and Estimates — Intangible assets (other than goodwill).”

Our profit for the year increased from RMB1,040.3 million in 2019 to RMB1,518.9 million in 2020 and further increased to RMB1,714.3 million in 2021. Our profit for the period increased by 10.9% from RMB287.4 million in the three months ended March 31, 2021 to RMB318.8 million in the three months ended March 31, 2022. Our profit for the year/period was also negatively impacted by the aforementioned amortization of intangible assets, net of the deferred tax credited to profit or loss during the year.

SUMMARY

Selected Items of Consolidated Balance Sheet

	As of December 31,			As of March 31,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	292,318	357,607	500,639	508,744
Investment property	810,784	838,187	657,110	626,007
Right-of-use assets	184,298	225,987	253,086	262,559
Intangible assets	280,596	583,008	8,244,089	8,379,847
Investments in joint ventures	65,686	983,979	1,019,672	1,017,507
Investments in associates	480,183	727,181	793,560	768,161
Equity investments designated at fair value through other comprehensive income	1,502,802	1,018,438	1,497,461	1,377,510
Financial assets at fair value through profit or loss	9,000	976	976	976
Deferred tax assets	12,832	17,376	56,807	85,944
Prepayments, deposits and other receivables . .	2,501,813	2,043,326	1,992,483	1,979,444
Total non-current assets	6,140,312	6,796,065	15,015,883	15,006,669
Current assets				
Inventories	382,039	326,733	261,296	219,930
Trade and retention receivables	2,127,764	3,020,670	4,514,273	5,882,062
Prepayments, deposits and other receivables . .	1,302,980	1,495,352	1,697,630	2,596,834
Financial assets at fair value through profit or loss	55,033	10,000	3,664	6,397
Restricted bank deposits	162,784	237,978	305,250	288,435
Time deposits with original maturity of over three months	770,313	1,719,313	495,713	495,713
Cash and cash equivalents	5,184,792	5,397,646	6,430,557	3,854,385
Total current assets	9,985,705	12,207,692	13,708,383	13,343,756
Current liabilities				
Trade and notes payables	1,693,895	2,604,899	3,243,250	3,268,678
Financial liabilities at fair value through profit or loss	–	–	191,792	191,792
Contract liabilities	3,067,138	3,546,374	4,167,711	4,423,000
Other payables and accruals	4,655,484	4,746,776	7,821,982	6,927,680
Interest-bearing bank borrowings	–	9,921	11,500	4,500
Lease liabilities	56,505	80,477	100,938	102,952
Tax payable	298,834	523,722	744,715	751,767
Total current liabilities	9,771,856	11,512,169	16,281,888	15,670,369
Net current assets/(liabilities)	213,849	695,523	(2,573,505)	(2,326,613)
Total assets less current liabilities	6,354,161	7,491,588	12,442,378	12,680,086
Non-current liabilities				
Interest-bearing bank borrowings	10,622	4,168	4,087	–
Other payables and accruals	525,302	661,115	815,539	817,905
Provision	22,318	48,230	72,874	79,753
Lease liabilities	125,496	145,287	149,609	161,557
Deferred tax liabilities	–	68,198	1,087,691	1,059,604
Total non-current liabilities	683,738	926,998	2,129,800	2,118,819
Net assets	5,670,423	6,564,590	10,312,578	10,561,267
Non-controlling interests	181,770	309,576	419,133	476,081

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Intangible assets primarily represent customer relationships and goodwill resulting from our acquisitions. Our intangible assets increased from RMB280.6 million as of December 31, 2019 to RMB583.0 million as of December 31, 2020, primarily due to the strategic cooperation with Cushman & Wakefield. Our intangible assets further increased significantly to RMB8,244.1 million as of December 31, 2021 primarily due to our acquisitions of Bon Property and Yango Intelligent, which resulted in the recognition of goodwill of RMB3,620.0 million and customer relationship valued at RMB4,156.3 million upon completion of the acquisitions. Our intangible assets further increased to RMB8,379.8 million as of March 31, 2022, primarily due to our acquisition of certain project companies. Customer relationship acquired in a business combination is recognized at fair value at the acquisition date and amortized over a finite useful life, whereas goodwill is tested for impairment. In 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, the amortization of intangible assets amounted to RMB112.3 million, RMB80.9 million, RMB193.4 million, RMB20.5 million and RMB127.2 million, respectively. Our gross profit and profit for the year/period were negatively impacted by such amortization of intangible assets. If we fail to achieve our desired objectives or if any unforeseeable circumstances decrease the expected cash flows from acquired assets, the recoverable amount can be lower than the carrying amount on our consolidated financial statements with respect to such intangible assets. Under such circumstances, we may need to recognize the impairment losses to intangible assets in our consolidated financial statements, which may reduce our assets and materially and adversely affect our financial condition and results of operations. For details, please see “Risk Factors — Risks Relating to Our Business and Industry — We have a large balance of goodwill and other intangible assets and we may incur significant impairment charges which could materially impact our financial condition and results of operations.”

Our net assets increased from RMB5,670.4 million as of December 31, 2019 to RMB6,564.6 million as of December 31, 2020, primarily attributable to profit for the year of RMB1,518.9 million in 2020. Our net assets further increased to RMB10,312.6 million as of December 31, 2021, primarily attributable to profit for the year of RMB1,714.3 million and issue of shares of RMB5,030.7 million in 2021, partially offset by dividends declared of RMB3,537.0 million in the same year. Our net assets remained relatively stable at RMB10,561.3 million as of March 31, 2022.

Our net current assets increased from RMB213.8 million as of December 31, 2019 to RMB695.5 million as of December 31, 2020 because the increase in our total current assets was greater than the increase in our total current liabilities. The increase in our total current assets was primarily attributable to (i) an increase of RMB892.9 million in trade and retention receivables mainly as a result of expansion of our business; (ii) an increase of RMB949.0 million in time deposits with original maturity of over three months; and (iii) the increase of RMB212.9 million in cash and cash equivalents. The increase in our total current liabilities was primarily attributable to (i) an increase of RMB911.0 million in trade and notes payables, (ii) an increase of RMB479.2 million in contract liabilities; and (iii) an increase of RMB224.9 million in tax payable mainly due to business growth.

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We recorded net current liabilities of RMB2,573.5 million as of December 31, 2021 because the increase in our total current liabilities outpaced the increase in our total current assets. The increase in our total current liabilities was primarily because (i) we declared dividends of RMB3,537.0 million in 2021, resulting in a one-off increase in dividends payables of RMB1,280.0 million and (ii) our time deposits with original maturity of over three months decreased by RMB1,223.6 million mainly due to the acquisition of Bon Property.

Our net current liabilities decreased from RMB2,573.5 million as of December 31, 2021 to RMB2,326.6 million as of March 31, 2022, primarily due to (i) an increase of RMB1,367.8 million in our trade and retention receivables and (ii) an increase of RMB899.2 million in our prepayments, deposits and other receivables; and (iii) a decrease of RMB894.3 million in our other payables and accruals, partially offset by a decrease of RMB2,576.2 million in our cash and cash equivalents.

Selected Items of Consolidated Statements of Cash Flow

	For the year ended December 31,			For the three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Operating cash flows before movements					
in working capital	1,584,852	2,198,383	2,545,737	444,176	661,568
Changes in working capital	842,179	724,590	784,180	(1,146,541)	(2,391,685)
Tax paid	(336,038)	(365,766)	(496,306)	(206,431)	(187,331)
Net cash flows from/(used in) operating activities	2,090,993	2,557,207	2,833,611	(908,796)	(1,917,448)
Net cash flows (used in)/from investing activities	(665,862)	(1,950,312)	518,927	22,522	(178,386)
Net cash flows from/(used in) financing activities	(327,912)	(390,494)	(2,319,303)	(1,853)	(480,369)
Net increase/(decrease) in cash and cash equivalents	1,097,219	216,401	1,033,235	(888,127)	(2,576,203)
Cash and cash equivalents at beginning of year/period	4,087,163	5,184,792	5,397,646	5,397,646	6,430,557
Effect of foreign exchange rate changes, net	410	(3,547)	(324)	227	31
Cash and cash equivalent at end of the year/period	<u>5,184,792</u>	<u>5,397,646</u>	<u>6,430,557</u>	<u>4,509,746</u>	<u>3,854,385</u>

Our net cash flows used in operating activities for the three months ended March 31, 2021 was RMB908.8 million. This net cash outflow was primarily a result of profit before tax of RMB394.0 million, as adjusted for non-cash and non-operating items, changes in working capital and tax paid. Adjustments for non-cash and non-operating items primarily consisted of (i) fair value gains or losses on financial assets at fair value through profit or loss of RMB21.0 million; (ii) amortization of intangible assets of RMB20.5 million; and (iii) depreciation of right-of-use assets of RMB19.8 million. Changes in working capital primarily included (i) an

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increase in trade and retention receivables of RMB1,129.2 million; (ii) an increase in trade and notes payables of RMB184.5 million; and (iii) a decrease in other payables and accruals of RMB174.5 million. Our tax paid in the three months ended March 31, 2021 was RMB206.4 million.

Our net cash flows used in operating activities for the three months ended March 31, 2022 was RMB1,917.4 million. This net cash outflow was primarily a result of profit before tax of RMB427.2 million, as adjusted for non-cash and non-operating items, changes in working capital and tax paid. Adjustments for non-cash and non-operating items primarily consisted of (i) amortization of intangible assets of RMB127.2 million and (ii) impairment losses for prepayments, deposits and other receivables, net of RMB47.7 million. Changes in working capital primarily included (i) an increase in trade and retention receivables of RMB1,401.6 million; (ii) an increase in prepayments, deposits and other receivables of RMB880.4 million; and (iii) a decrease in other payables and accruals of RMB438.6 million. Our tax paid in the three months ended March 31, 2022 was RMB187.3 million.

Summary of Key Financial Ratios

	As of or for the year ended December 31,			As of or for the three months ended March 31,
	2019	2020	2021	2022
Return on assets (%) ⁽¹⁾	7.3	8.6	7.2	4.5
Return on equity (%) ⁽²⁾	20.9	24.8	20.3	12.2
Current ratio (times) ⁽³⁾	1.0	1.1	0.8	0.9
Net gearing ratio (%) ⁽⁴⁾	net cash	net cash	net cash	net cash

- (1) Return on assets is calculated as our profit for the year/period divided by our average total assets as of the beginning and the end of the corresponding year/period and multiplied by 100%. Return on assets in the three months ended March 31 has been annualized by multiplying by four. Accordingly, the annualized return on assets may not be indicative of that for the full year ending December 31, 2022. Investors are cautioned not to place any undue reliance on such data.
- (2) Return on equity is calculated as our profit for the year/period divided by our average total equity as of the beginning and the end of the corresponding year/period and multiplied by 100%. Return on equity in the three months ended March 31 has been annualized by multiplying by four. Accordingly, the annualized return on equity may not be indicative of that for the full year ending December 31, 2022. Investors are cautioned not to place any undue reliance on such data.
- (3) Current ratio is calculated as our total current assets as of the end of the relevant year/period divided by our total current liabilities as of the end of the corresponding year/period.
- (4) Net gearing ratio is calculated as our total interest-bearing borrowings minus cash and cash equivalents divided by total equity as of the end of the relevant year/period and multiplied by 100%. Net gearing ratio is not applicable to us as we had net cash position as of December 31, 2019, 2020 and 2021 and March 31, 2022.

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GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Global Offering is completed and 116,714,000 H Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised; and (iii) 1,167,134,000 Shares are issued and outstanding upon completion of the Global Offering.

	Based on an Offer Price of HK\$47.1 per Offer Share	Based on an Offer Price of HK\$52.7 per Offer Share
Market capitalization	HK\$54,972,011,400	HK\$61,507,961,800
Unaudited pro forma adjusted net tangible asset value per Share ⁽¹⁾	HK\$6.23	HK\$6.78

Note:

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

DIVIDEND POLICY

In 2019, 2020 and 2021 and in the three months ended March 31, 2022, our Company declared dividends of RMB247.1 million, RMB317.7 million, RMB3,537.0 million and nil, respectively. The Company did not have any fixed dividend payout ratio during the Track Record Period, and may not have any fixed dividend payout ratio in the near future. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. No dividend will be declared or payable except out of our profits lawfully available for distribution. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$5.7 billion from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK\$49.9 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 35%, or approximately HK\$1,979.3 million, will be used to finance the development of our unique density-focused strategy in selected sub-districts and replicate the success of our “Onewo Town” model on a national scale, in order to expand our business, enable economies of scale and create new revenue opportunities;

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- approximately 25%, or approximately HK\$1,413.8 million, will be used to invest in the development of our AIoT and BPaaS solutions, in order to equip us with the capabilities to build up our industrial Internet;
- approximately 20%, or approximately HK\$1,131.0 million, will be used to incubate Onewo ecosystem through acquisitions or investments in value-added service providers and service providers along the upstream and downstream supply chain of our industry;
- approximately 10%, or approximately HK\$565.5 million, will be used to attract and nurture talents; and
- approximately 10%, or approximately HK\$565.5 million, will be used for working capital and for general corporate purposes.

Many of our peers listed on the Stock Exchange are looking for potential target property management companies in the PRC. Therefore, we may face fierce competition in exploring suitable acquisition targets and materializing our acquisition plan in the PRC. See “Risk Factors — Risks relating to Our Business and Industry — Our acquisitions, investment in other companies or strategic alliance with third parties may not be successful and we may face difficulties in integrating acquired operations with our existing business,” for details.

For details, see “Future Plans and Use of Proceeds.”

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our revenue was RMB14,243.2 million for the six months ended June 30, 2022, representing a period-to-period increase of 38.2%, primarily attributable to the continuous and rapid growth of all three business segments, among which (i) revenue generated from community space living consumption services was RMB7,994.6 million for the six months ended June 30, 2022, representing a period-to-period increase of 35.0%; (ii) revenue generated from commercial and urban space integrated services was RMB5,093.1 million for the six months ended June 30, 2022, representing a period-to-period increase of 39.8%; and (iii) revenue generated from AIoT and BPaaS solution services was RMB1,155.5 million for the six months ended June 30, 2022, representing a period-to-period increase of 56.2%. Our gross profit was RMB2,127.2 million for the six months ended June 30, 2022. Our total assets amounted to RMB28,088.9 million as of June 30, 2022. The financial information disclosed above is derived from the unaudited interim condensed consolidated financial information for the six months ended June 30, 2022, which have been reviewed by our Reporting Accountants in accordance with the International Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.”

As of June 30, 2022, for community space living consumption services, our contracted GFA reached approximately 930 million sq.m., covering 4,096 properties contracted to manage, and our GFA under management was approximately 700 million sq.m., covering a

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total of 3,035 properties under management. In terms of commercial and urban space integrated services, as of June 30, 2022, we had an aggregate contracted GFA of approximately 160 million sq.m., covering a total of 1,929 projects contracted to manage, while our GFA under management reached approximately 140 million sq.m., with 1,706 projects under management.

Meanwhile, leveraging our leading brands, dynamic organization and proven track record of winning new service mandates from Independent Third Parties, we continue to execute our density-focused strategy (focusing on increasing the spatial density and diversity of services within sub-districts across high-tier cities) by gaining market share and expanding reach to more households and other customers alike. As of the Latest Practicable Date, out of the 3,402 target sub-districts across 100 economically vibrant cities in the PRC, we have earmarked an increased number of sub-districts for the development of Onewo Towns, including: (i) 208 Earmarked Onewo Towns with households on service ranging from 3,000 to 6,000, (ii) 175 Earmarked Onewo Towns with households on service ranging from 6,000 to 10,000, and (iii) 148 Earmarked Onewo Towns with over 10,000 households on service, as compared to 144, 75 and 82 Earmarked Onewo Towns, respectively, in the beginning of 2019 and 219, 119 and 121 Earmarked Onewo Towns, respectively as of March 31, 2022. In addition, we expect to obtain approximately 16,000 of the total of approximately 42,000 projects in respect to the target sub-districts for potential Onewo Towns. As of the Latest Practicable Date, we have started to specially focus on the development of roughly 1,000 of such 16,000 projects. Increased density allows us to connect our managed properties and facilities across community, commercial and urban spaces within a localized service network and deliver tangible results, including, among others, uplift in operational efficiency and quick ramp-up of home-related asset services. As of the Latest Practicable Date, we were able to deploy sub-district representatives in certain Onewo Towns (including Bantian in Shenzhen, Tangjiadun and Optics Valley South in Wuhan, Jinjiu in Suzhou, Changbai sub-district in Shenyang as well as Yichuan Road in Shanghai), to explore unmet demands of existing and potential customers and capture new commercial and urban space business opportunities. Given our execution strength and scalability of the “Onewo Town” model, we expect to prioritize the sub-districts where we have already reached a critical mass and unleash full potential across 300 Onewo Towns with over 10,000 households on service in the next three years. Please also see “Business — Our Competitive Strengths — Our “Onewo Town” model creates new revenue opportunities and enables economies of scale” for details.

On December 28, 2021, the Cyberspace Administration of China (the “CAC”) promulgated the Cybersecurity Review Measures (網絡安全審查辦法) (the “Measures”), which came into effect on February 15, 2022. The Measures further clarifies the scope of application of cybersecurity review. According to the Measures, network platform operators with personal information of more than one million individuals shall apply to the Cybersecurity Review Office for a cybersecurity review in the event of a “foreign” listing (國外上市). On November 14, 2021, the CAC published the Regulations for the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the “**Draft Cyber Data Security Regulations**”), which provides the circumstances under which data processors shall apply for cybersecurity review, including, among others, when (i) the data processors who process personal information of at least one million users apply for a “foreign” listing (國外

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上市); and (ii) the data processors' listing in Hong Kong affects or may possibly affect national security. However, it provides no further explanation or interpretation as to what constitutes a listing that could be perceived as "affecting national security." This would imply that the PRC Government has broad discretion in interpreting the term "affect or may affect national security." Having consulted with our PRC Legal Advisor, we believe that the Measures and Draft Cyber Data Security Regulations (if formally issued in the current form) would apply to us given that in the ordinary course of our business, we collect, process and store different types of data concerning its users, business partners and employees, all of which would be considered as data processing activities under applicable PRC laws. Based on the analysis set forth in "Business – Recent Regulatory Development – Regulatory Changes of Cybersecurity," the PRC Legal Advisor is of the view that the possibility of the Listing affecting or potentially affecting national security is relatively low in light of the factors set out in Article 10 of the Measures. Nevertheless, there remains substantial uncertainty as to the final form, date of enactment or entry into force, final interpretation and implementation details and other aspects of the Draft Cyber Data Security Regulations. Given these uncertainties, we cannot assure you whether we would be subject to the cybersecurity review for this Listing pursuant to such draft regulation. As of the Latest Practicable Date, the Draft Cyber Data Security Regulations had not been formally adopted and we had not been informed by CAC of any requirement to file for approval for this Listing. If the Draft Cyber Data Security Regulations are adopted into law in the future, we may become subject to enhanced cybersecurity review, or regulatory bodies in China may retroactively apply and implement such draft regulations by conducting a cybersecurity review over our company in connection with this Listing. To mitigate the potential impact of any such regulatory changes, we will pay close attention to the legislative and regulatory development in cybersecurity and data protection, maintain ongoing dialogue with relevant government authorities and consult the relevant government authorities as necessary and in due course, we will also rectify, adjust, and optimize our data practices in a timely manner to keep pace with regulatory development.

In addition, recently we note that certain property developers in China were reported to be experiencing delays in delivering residential properties which in turn lead to the refusal of relevant property buyers to make mortgage loan repayment (the "Mortgage Repayments Dispute Incidents"). Taking into account that (i) our diversified revenue sources from commercial and urban spaces as well as technology-enabled solutions; (ii) our industry position enabling us to secure long-term relationship with diversified client base; (iii) the Mortgage Repayments Dispute Incidents do not concern any China Vanke Group's projects under construction, thus China Vanke Group is not involved in any delayed delivery of such projects in relation to the incidents; (iv) the strength of China Vanke Group's capital structure and its commitment to quality and on-time delivery of properties under development; and (v) recently promulgated policies across China designed to promote and secure healthy development of real estate market, our directors are of the view that the Mortgage Repayments Dispute Incidents have not been and are not expected to pose any material adverse impact on (i) the business volume and market demand in the property development industry in PRC, and in turn the property management projects to be awarded to us in the long term, (ii) the completion and delivery schedule of properties developed by China Vanke Group as well as the undelivered contracted projects of us, and (iii) the operational and financial performance of us

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and China Vanke Group. For details, see “Risk Factors — Decline of sales or financial difficulties experienced by property developers, may have material adverse impact on our business, financial condition, results of operations and prospects.” During the Track Record and up to the Latest Practicable Date, to our best knowledge, there has not been any delay in the delivery of properties contracted by us in relation to the Mortgage Repayments Dispute Incidents and we have not been involved in any disputes or litigations in relation to such incidents.

Having taken into account the aforementioned Company’s and Directors’ views, as well as the due diligence conducted noting that China Vanke Group was not subject to any adverse incidents of similar nature as Mortgage Repayments Dispute Incidents, nothing material has come to the Joint Sponsors’ attention which would cause them to disagree with the reasonableness of the Company’s and the Directors’ views that such Refusal of Mortgage Payments have not and are not expected to pose any material adverse impact on the operational and financial performance of the Group.

Our Directors confirmed that, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects from March 31, 2022, the latest date of our financial statements, to the date of this Prospectus.

LISTING EXPENSES

Our listing expenses mainly include sponsor fees, underwriting commissions, incentive fees, professional fees paid to legal advisors and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB148.6 million (HK\$168.9 million), representing 2.9% of the gross proceeds from the Global Offering. The estimated total listing expenses consist of (i) underwriting commissions of approximately RMB89.7 million (HK\$101.9 million), and (ii) non-underwriting related expenses of approximately RMB58.9 million (HK\$66.9 million), which consist of fees and expenses of legal advisors and the Reporting Accountants of approximately RMB39.1 million (HK\$44.4 million) and other fees and expenses of approximately RMB19.8 million (HK\$22.5 million). Among the total estimated total listing expenses, RMB138.5 million (HK\$157.4 million) is expected to be accounted for as a deduction from equity upon completion of the Listing. The remaining fees and expenses of RMB10.1 million (HK\$11.5 million) were or are expected to be charged to our profit or loss account, and approximately RMB9.5 million (HK\$10.7 million) is expected to be charged upon Listing. The professional fees and/or other expenses related to the preparation of Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors do not expect that our Listing expenses have a material adverse impact on our financial performance for the year ending December 31, 2022.

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EFFECTS OF THE COVID-19 PANDEMIC

A global pandemic caused by COVID-19 broke out in January 2020 and has since impacted the global economy. In an effort to contain its spread, stringent measures, such as travel restrictions, mandatory quarantine requirements and social distancing measures have been imposed in the PRC and Hong Kong, which have adversely affected the macroeconomic conditions. Since early 2020, COVID-19 outbreaks in various regions of China have caused temporary disruptions to economic activities, epidemic control policies such as travel restrictions and mandatory quarantine measures across various cities, the extended shutdown of business operations, and the mandatory quarantine requirements on infected individuals and anyone deemed potentially infected, have been imposed by the PRC Government. In Hong Kong, COVID-19 outbreaks, in particular, the recent fifth wave of the virus since the beginning of 2022, have resulted in the implementation of strict social distancing measures that affected various businesses. The authorities have launched responsive measures, including introducing several rounds of anti-epidemic funding to relieve financial burdens of individuals and businesses and keep workers in employment. These efforts have played a meaningful role in mitigating the negative impact of the COVID-19 pandemic.

From the financial perspective, we incurred additional costs for implementing enhanced hygiene, precautionary and other epidemic control measures. For instance, from January 1, 2020 to June 30, 2022, we incurred aggregate costs for implementing enhanced hygiene and precautionary measures of approximately RMB46.7 million. In 2020 and the six months ended June 30, 2022, social insurance relief and government grants we received as a result of COVID-19 amounted to RMB432.8 million and RMB10.8 million, respectively. Our collection rates in connection with service fees of residential property services and property and facility management services remained relatively stable during the Track Record Period despite the COVID-19 headwinds. During the Track Record Period, our collection rate of residential property service fees was 94.4%, 93.7%, 94.7% and 94.7%, respectively, and our collection rate of property and facility management service fees was 95.2%, 97.0%, 96.9% and 97.0%, respectively. With varying levels of temporary restrictions and other measures reinstated in certain regions to contain the infections, our results of operations may be negatively affected. For example, in view of the recent emergence of the significantly more contagious Omicron variant in Shanghai, we expect the property and facility management service fee collection rate to decrease in 2022, primarily due to provisional work-from-home policies adopted by a large number of corporate and institutional clients and city-wide lockdowns in major cities, particularly in Shanghai. Loss of revenue from our property and facility management services in the six months ended June 30, 2022 was estimated to be approximately RMB44.2 million, of which approximately RMB20.1 million was attributable to the impact of the city-wide lockdown in Shanghai. From January 1, 2022 to the Latest Practicable Date, primarily due to provisional work-from-home policies and lock-downs in certain cities in China, approximately 309 workspaces and commercial premises in our property and facility management projects underwent temporary closure periods ranging from one day to approximately two months. In addition, during the same period, our Pulin stores in certain cities also went through temporary closures due to lock-downs caused by COVID-19, among which, 61 Pulin Stores in Shanghai were temporarily closed for approximately two months due to the city-wide lock-down, and

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389 Pulin Stores in other cities also experienced temporary closures ranging from one day to approximately two months due to the relevant lock-down policies. Nevertheless, our execution excellence and organizational speed helped us further gain customer trust in the residential communities we serve. As of the Latest Practicable Date, 39 Pulin Stores located in Chengdu and two workspaces located in Shenyang and Shanghai in our property and facility management projects, had not resumed operation due to COVID-19 restrictive measures. Except for the before-mentioned 39 Pulin Stores and two workspaces in our property and facility management projects, all other workspaces and commercial premises and Pulin stores had resumed normal operations. In addition, to the best knowledge of the Company, due to the impact of COVID-19, four property and facility management projects (the “Delayed Projects”) contracted by the Company were delayed and remained to be delivered by the relevant Independent Third Party property developers, while no residential property services projects were delayed and remained to be delivered due to the impact of COVID-19, as of the Latest Practicable Date. Two of the Delayed Projects were originally scheduled to be delivered by the relevant Independent Third Party property developers in the fourth quarter of 2021 and the other two projects were scheduled to be delivered in the first quarter of 2022. As of the Latest Practicable Date, the relevant delivery schedules of such projects are still pending, subject to the Third Party property developers’ further notice. The total contract amount of the four Delayed Projects is RMB127.2 million. However, such temporary closures of the relevant premises and Pulin stores, and the delay in the delivery of properties by certain property developers did not have a material adverse impact on our business from January 1, 2022 to the Latest Practicable Date. See “Business – Effects of the COVID-19 Pandemic” and “Risk Factors — Our business operations and financial performance have been and may continue to be affected by the outbreaks of COVID-19.” Moreover, during the Track Record Period, and up to the Latest Practicable Date, there has been no material adverse impact of COVID-19 pandemic on our other community value-added services and value-added services for developers, primarily because a substantial majority of the services and transactions involved therein generally do not rely on offline store operations, face-to-face communication and physical deliveries. During the Track Record Period, the financial performance of such business lines was affected by factors that were not related to COVID-19. In particular, the revenue and gross profit margin of our value-added services continued to increase during the Track Record Period, which was in line with our business expansion. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Revenue” and “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin.” We realized that customers across community, commercial and urban spaces have new engagement and service expectations after the outbreaks of COVID-19. Our strong brand recognition, ability to grow vertical skills to meet evolving customer needs and strength in remote operations are expected to further strengthen the customer relationship within the spaces we serve.

Our commitment to becoming a responsible corporate citizen requires us to take an active role in this fight against the virus. To this end, we established a Recovery Readiness Task Force (RRTF) and assisted local government in supervising and providing delivery services to households under quarantine. We also helped coordinate mass efforts in PCR testing for COVID-19 at the community level during the outbreaks of COVID-19 in cities where we have an operation. We believe the roles we performed in the fight against the pandemic demonstrate

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our commitment to the community and a strong ESG culture. We believe that the additional costs associated with the enhanced hygiene and precautionary measures, after taking into account the medical and cleaning supplies distributed by local governments and relevant regulatory policies such as partial deduction of no more than three months of social insurance contributions, would have no significant impact on our financial condition.

In view of the ongoing social distancing measures imposed by governments to combat the COVID-19 pandemic, as well as the fundamental changes in how customers define excellence, we continue to make substantial investments in developing new services and technology solutions, which position us well in weathering these challenges and creating value for various stakeholders across community, commercial and urban spaces, including property owners, residents, tenants, our employees and government authorities. The agility and resilience we demonstrated during the COVID-19 headwinds explains how we managed to maintain strong growth momentum and leading position in individual markets where we operate.

RISK FACTORS

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

- failure to sustain our growth and profitability may have a material adverse effect on our business, financial condition and results of operations;
- the success of our business is dependent on general economic and market conditions;
- we may not be able to procure new service contracts as planned or at a desirable pace or price;
- property services contributed and are expected to contribute a significant portion of our revenue, as a result of which our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, staff costs;
- we may not be able to fully collect fees for the services we rendered, which could lead to impairment of our trade receivables;
- we may be subject to losses and our profit margins may decrease if we fail to control our costs in rendering our property services on a lump-sum basis, or increase our property service fee for the relevant services;
- the payments we collected from properties managed on a management remuneration basis may not cover our costs;

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- termination or non-renewal of a significant number of our service contracts could have a material adverse effect on our business, financial condition and results of operations;
- our business operations and financial performance have been and may continue to be affected by the outbreaks of COVID-19;
- we have a large balance of goodwill and other intangible assets and we may incur significant impairment charges which could materially impact our financial condition and results of operations;
- a significant portion of our revenue was from services provided in relation to properties developed and/or owned by China Vanke Group during the Track Record Period; and
- decline of sales or financial difficulties experienced by property developers, may have material adverse impact on our business, financial condition, results of operations and prospects.

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

DEFINITIONS

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

“Accountants’ Report”	the accountant’s report of our Company, the text of which is set out in Appendix I to this Prospectus
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	GREEN Application Form(s) in relation to the Hong Kong Public Offering and BLUE Application Form(s) in relation to the Preferential Offering
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on March 2, 2022 with effect from the Listing Date, as amended from time to time, a summary of which is set out in Appendix IV to this Prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Assured Entitlement”	the entitlement of the Qualifying China Vanke H Shareholders to apply for the Reserved Shares on an assured basis pursuant to the Preferential Offering determined on the basis of their respective shareholdings in China Vanke on the Record Date
“Audit Committee”	the audit committee of the Board
“Available Reserved Shares”	has the meaning ascribed to it in “Structure of the Global Offering — the Preferential Offering — Basis of Allocation for Applications for Reserved Shares” in the Prospectus
“Beneficial China Vanke H Shareholder”	any beneficial owner of China Vanke H Shares whose China Vanke H Shares are registered, as shown in the register of members of China Vanke, in the name of a registered China Vanke H Shareholder on the Record Date

DEFINITIONS

“BLUE Application Form(s)”	the application form(s) to be sent to Qualifying China Vanke H Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offering
“Board” or “Board of Directors”	the board of Directors of our Company
“Board of Supervisors”	the board of supervisors of our Company
“Bon Property”	Fujian Bon Property Group Co., Ltd. (福建伯恩物業集團有限公司), a limited liability company established under the laws of the PRC, our wholly-owned subsidiary
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“CAGR”	compound annual growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (https://ip.ccass.com) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request

DEFINITIONS

“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Central China”	for the purposes of this Prospectus, Hunan, Hubei and Henan
“China” or “the PRC” or the “People’s Republic of China”	the People’s Republic of China, and for the purposes of this Prospectus and for geographical reference only, except where the context requires otherwise, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“China Vanke”	China Vanke Co., Ltd. (萬科企業股份有限公司), a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 2202) and Shenzhen Stock Exchange (stock code: 000002), respectively, and a member of our Controlling Shareholders Group
“China Vanke Group”	China Vanke and its subsidiaries
“China Vanke H Shareholder(s)”	the holders of China Vanke H Shares
“China Vanke H Shares”	the ordinary shares of par value of RMB1.00 each in the share capital of China Vanke which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”, “Onewo”	Onewo Inc. (萬物雲空間科技服務股份有限公司), a limited liability company incorporated in the PRC on February 20, 2001 and converted into a joint stock limited company incorporated in the PRC on March 20, 2018
“Company Law” or “PRC Company Law”	Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)” or “Controlling Shareholders Group”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to China Vanke, Wanqing, Wanhu, Wanmazhengxian, Yingda Investment Fund, Wanshuzhimiao and Wanhuquanyuan, as further detailed in the section headed “Relationship with our Controlling Shareholders” in this Prospectus
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the national securities market in China
“Director(s)” or “our Directors”	the director(s) of our Company
“Domestic Shares”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by domestic investors
“East China”	for the purposes of this Prospectus, Jiangsu, Anhui, Zhejiang, Fujian and Shanghai
“EIT”	the PRC enterprise income tax

DEFINITIONS

“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), enacted on March 16, 2007, effective from January 1, 2008 and amended on February 24, 2017 and December 29, 2018 by the SCNPC
“EIT Regulations”	the Regulation on the Implementation of the EIT Law (中華人民共和國企業所得稅法實施條例)
“Employee Shareholding Platforms”	collectively, Ruida I Limited, Ruida II Limited, Ruida III Limited, Ruida IV Limited and Ruida V Limited
“Extreme Conditions”	extreme conditions caused by a super typhoon, etc. as announced by the government of Hong Kong
“FRC”	the Financial Reporting Council of Hong Kong
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant and an independent global market research and consulting company
“Frost & Sullivan Report”	an independent market research report prepared by Frost & Sullivan, which was commissioned by our Company for the purpose of this Prospectus
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offering and the International Offering (including the Preferential Offering)
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	our Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company became the holding company of its present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“H Share(s)”	overseas listed shares in the share capital of our Company with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and are to be listed on the Stock Exchange

DEFINITIONS

“H Share Registrar”	Tricor Investor Services Limited
“HK\$”, “Hong Kong dollars”, “HK dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“ HK eIPO White Form ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the IPO App or the designated website at <u>www.hkeipo.hk</u>
“ HK eIPO White Form Service Provider ”	the HK eIPO White Form service provider designated by our Company
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 11,671,400 H Shares being initially offered by our Company for subscription at Offer Price in the Hong Kong Public Offering, subject to reallocation as described in the section headed “Structure of the Global Offering” in this Prospectus
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage fee of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%) on and subject to the terms and conditions stated in this Prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this Prospectus
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting — Hong Kong Underwriters” in this Prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement, dated September 16, 2022 relating to the Hong Kong Public Offering and entered into by our Company, China Vanke, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators and the Hong Kong Underwriters, as further described in the section headed “Underwriting” in this Prospectus
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Independent Third Party” or “Independent Third Parties”	individuals(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company, its subsidiaries or any of their respective associates within the meaning ascribed thereto under the Listing Rules
“International Offer Shares”	the 105,042,600 H Shares being initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, (including, for the avoidance of doubt, 11,671,400 Reserved Shares for the Preferential Offering), subject to reallocation as described in the section headed “Structure of the Global Offering” in this Prospectus

DEFINITIONS

“International Offering”	the placing of the International Offer Shares at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%) in the United States solely to QIBs in accordance with Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S, as further described in the section headed “Structure of the Global Offering” in this Prospectus (for the avoidance of doubt, of the International Offer Shares initially being offered under the International Offering, the Reserved Shares are made available for subscription by the Qualifying China Vanke H Shareholders under the Preferential Offering)
“International Underwriters”	the underwriters of the International Offering, led by the Joint Representatives, that are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and to be entered into by, among others, our Company, China Vanke, the Joint Representatives, the Joint Global Coordinators and the International Underwriters on or about September 22, 2022, as further described in the section headed “Underwriting — International Offering — International Underwriting Agreement” in this Prospectus
“IPO App”	the mobile application for the HK eIPO White Form service which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” in this Prospectus
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” in this Prospectus

DEFINITIONS

“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” in this Prospectus
“Joint Representatives”	CLSA Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C.
“Joint Sponsors”	CLSA Capital Markets Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C.
“Latest Practicable Date”	September 11, 2022, being the latest practicable date for the purpose of ascertaining certain information in this Prospectus prior to its publication
“Listing”	the listing of our H Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date on which dealings in our H Shares on the Main Board first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Mandatory Provisions”	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Committee and the former State Commission for Restructuring the Economic System of the PRC on September 29, 1994, as amended, supplemented or otherwise modified from time to time
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)

DEFINITIONS

“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOHURD” or “Ministry of Construction”	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部), or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“Non-Qualifying China Vanke H Shareholders”	China Vanke H Shareholders whose names appeared in the register of members of China Vanke on the Record Date and whose addresses as shown in such register are in any of the Specified Territories and any China Vanke H Shareholders or Beneficial China Vanke H Shareholders at that time who are otherwise known by China Vanke to be resident in any of the Specified Territories
“North China”	for the purposes of this Prospectus, Beijing, Tianjin, Shandong, Hebei, Inner Mongolia and Shanxi
“Northeast China”	for the purposes of this Prospectus, Liaoning, Jilin and Heilongjiang
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“NYSE”	the New York Stock Exchange
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%), at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as further described in the section headed “Structure of the Global Offering — Pricing of the Global Offering” in this Prospectus

DEFINITIONS

“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares (including, for the avoidance of doubt, the Reserved Shares), together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 17,507,000 additional H Shares at the Offer Price to cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering — Over-allotment Option” in this Prospectus
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Advisor”	JunHe LLP, our legal advisor as to the PRC laws
“Pre-IPO Investment(s)”	the investment(s) in the Company undertaken by the Pre-IPO Investors prior to the Global Offering, the details of which are set out in the section headed “History, Development and Corporate Structure” in this Prospectus
“Pre-IPO Investor(s)”	the investor(s) who acquired interest in our Company pursuant to the respective agreement(s) prior to the Global Offering, details of which are set out in the section headed “History, Development and Corporate Structure” in this Prospectus

DEFINITIONS

“Preferential Offering”	the preferential offering to the Qualifying China Vanke H Shareholders of 11,671,400 H Shares (representing not more than 10% of the Offer Shares initially being offered under the Global Offering, assuming that the Over-allotment Option is not exercised) as an Assured Entitlement out of the H Shares being offered under the International Offering at the Offer Price, on and subject to the terms and conditions set out in this Prospectus and in the BLUE Application Form, as further described in “Structure of the Global Offering — The Preferential Offering” in this Prospectus
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about Thursday, September 22, 2022 and in any event no later than Wednesday, September 28, 2022, on which the Offer Price is to be fixed by an agreement between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) for the purposes of the Global Offering
“Prospectus”	this Prospectus being issued in connection with the Hong Kong Public Offering
“Province” or “province”	each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the PRC Government
“QIB” or “Qualified Institutional Buyer”	a qualified institutional buyer within the meaning of Rule 144A
“Qualifying China Vanke H Shareholders”	China Vanke H Shareholders whose names appeared in the register of members of China Vanke on the Record Date, other than Non-Qualifying China Vanke H Shareholders
“Record Date”	September 6, 2022, being the record date for determining the Assured Entitlement of the Qualifying China Vanke Shareholders and the Qualifying China Vanke H Shareholders to the Reserved Shares

DEFINITIONS

“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Accountants”	Ernst & Young, the reporting accountants of our Company
“Reserved Shares”	the 11,671,400 H Shares being offered by the Company to Qualifying China Vanke H Shareholders pursuant to the Preferential Offering at the Offer Price, representing 10% of the Offer Shares initially being offered under the Global Offering (assuming that the Over-allotment Option is not exercised), as the Assured Entitlement, which are to be allocated out of the H Shares being offered under the International Offering as further described in “Structure of the Global Offering — The Preferential Offering” in this Prospectus
“Retained China Vanke Group”	China Vanke and its subsidiaries, excluding the Group
“RICS”	Royal Institution of Chartered Surveyors
“RMB” or “Renminbi”	the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“R&D”	research and development
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation (中華人民共和國國家市場監督管理總局)
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of the NPC
“Securities Law” or “PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“SFC” or “Securities and Futures Commission”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Unlisted Shares and our H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen Yuying”	Shenzhen Yuying Service Co., Ltd. (深圳市譽鷹物業服務有限公司), a limited liability company established in the PRC, our wholly-owned subsidiary
“South China”	for the purposes of this Prospectus, Guangdong, Guangxi, Hainan, Jiangxi and Hong Kong
“Special Regulations”	the Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994
“Specified Territory(ies)”	jurisdiction(s) outside Hong Kong where, taking into account the legal restrictions under the applicable laws or requirements of the relevant regulatory body or stock exchange of such jurisdiction(s), China Vanke Group and our Company consider the exclusion of the China Vanke H Shareholders with registered addresses in or who are otherwise known by China Vanke Group to be residents of, such jurisdiction(s) from the Preferential Offering to be necessary or expedient
“Spin-off”	the separate listing of our H Shares on the Main Board to be effected by way of Global Offering (including the Preferential Offering)
“Stabilizing Manager”	Goldman Sachs (Asia) L.L.C.
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Supervisor(s)”	the supervisor(s) of our Company
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the years ended December 31, 2019, 2020, 2021 and the three months ended March 31, 2022
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States”, “U.S.” or “US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“Unlisted Foreign Shares”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in currency other than RMB by foreign investors and not listed on any stock exchange
“Unlisted Shares”	Domestic Shares and Unlisted Foreign Shares
“US dollars”, “U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“VAT”	the PRC value-added tax
“Wanhu”	Shenzhen Wanhu Management Consulting Co., Ltd. (深圳市萬斛管理諮詢有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of China Vanke and a member of our Controlling Shareholders Group

DEFINITIONS

“Wanhuquanyuan”	Shenzhen Wanhuquanyuan Management Consulting Co., Ltd. (深圳市萬斛泉源管理諮詢有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of China Vanke and a member of our Controlling Shareholders Group
“Wanmazhengxian”	Shenzhen Wanmazhengxian Management Consulting Co., Ltd. (深圳市萬馬爭先管理諮詢有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of China Vanke and a member of our Controlling Shareholders Group
“Wanqing”	Shenzhen Wanqing Management Consulting Co., Ltd. (深圳市萬頃管理諮詢有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of China Vanke and a member of our Controlling Shareholders Group
“Wanshuzhimiao”	Shenzhen Wanshuzhimiao Management Consulting Co., Ltd. (深圳市萬殊之妙管理諮詢有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of China Vanke and a member of our Controlling Shareholders Group
“Wanyu”	Shenzhen Wanyu Security Service Technology Co., Ltd. (深圳市萬御安防服務科技有限公司) and its subsidiaries
“West China”	for the purposes of this Prospectus, Ningxia, Xinjiang, Shaanxi, Qinghai, Gansu, Sichuan, Yunnan, Guizhou, Xizang and Chongqing
“Yango Intelligent”	Shanghai Yango Intelligent Life Service Group Co., Ltd. (上海陽光智博生活服務集團有限公司), a joint stock company established in the PRC with limited liability, our wholly-owned subsidiary
“Yingda Investment Fund”	Shenzhen Yingda Investment Fund Management Consulting Co., Ltd. (深圳市盈達投資基金管理有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of China Vanke and a member of our Controlling Shareholders Group

Unless the content otherwise requires, references to “2019”, “2020” and “2021” in this Prospectus refer to our financial year ended December 31 of such year.

DEFINITIONS

Certain amounts and percentage figures included in this Prospectus were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. The English translation of PRC entities, enterprises, nationals, facilities and regulations in Chinese or another language in this Prospectus is for identification purposes only. To the extent that there is any inconsistency between the Chinese names of PRC entities, enterprises, nationals, facilities and regulations and their English translations, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this Prospectus in connection with our Company and our business. Some of these terms and their meanings may not correspond to standard industry meanings or usage of such terms.

“AI”	artificial intelligence
“AIoT”	artificial intelligence of things, the combination of artificial intelligence technologies with the IoT infrastructure to achieve more efficient IoT operations, improve human-machine interactions and enhance data management and analytics
“app”	applications on smart mobile devices
“average monthly saturated income per sq.m.”	calculated as service fee income stipulated in the residential property service agreements or property and facility management service agreements for the last month of the period divided by the total revenue-bearing GFA under management at the end of the same period. As advised by Frost & Sullivan, the calculation of “average monthly saturated income per sq.m.” defined herein is in line with industry practice, which may also be referred as the term “average monthly property management fee per sq.m.”. In addition, the use of average monthly saturated income per sq.m. to assess service fee levels of residential property services and property and facility management services is also in line with industry norms according to Frost & Sullivan
““Big Five” Global Real Estate Firms”	CBRE Group, Inc., Jones Lang LaSalle Incorporated, Colliers International Group Inc., Cushman & Wakefield plc and Savills plc, five internationally acclaimed real estate consulting firms according to Frost & Sullivan
“BIM”	a digital representation of physical and functional characteristics of a facility
“BPaaS”	business process as a service, a business process outsourcing model that utilizes a combination of cloud technologies for process management
“collection rate”	a percentage of the property service fee cumulatively collected by the end of the relevant period in the total saturated income for the corresponding period

GLOSSARY OF TECHNICAL TERMS

“commercial property(ies)”	for purposes of this Prospectus, property(ies) designated for commercial use
“communal/common area(s)”	shared areas in properties such as lobbies, hallways, stairways, carparks, elevators and gardens, among others
“community economy”	as an optimized way of resources allocation, community economy can turn various unrelated economic components in the community into a community of shared interests and establish a new way of economic production, thus driving the economic development in the community and the wider region
“contracted GFA”	GFA managed or to be managed by our Group under our operating property service agreements, including both GFA under management and undelivered GFA
“digital twin”	the digital replica of a physical object or system, integrating IoT, artificial intelligence, machine learning and software analytics with spatial network graphs and may be used to optimize the operation and maintenance of properties
“first-tier cities”	cities specified by the Rising Lab of Yicai (第一財經新一線城市研究所) as such, being Beijing, Shanghai, Guangzhou and Shenzhen in 2021
“GFA”	gross floor area
“GFA under management”	GFA of properties that have been delivered, by property developers, to property owners, for which we are already collecting property service fee in relation to contractual obligations to provide our services
“industrial Internet”	the use of big data, cloud computing, intelligent terminals and network advantages to upgrade the business models of traditional industries, enabling better operational efficiency and improved service capabilities
“IoT” or “Internet of Things”	the extension of Internet connectivity into physical devices and everyday objects, permitting those devices and objects to collect and exchange data, or to be remotely monitored and controlled
“IT”	information technology

GLOSSARY OF TECHNICAL TERMS

“lump-sum basis”	a revenue-generating model whereby we charge service fees which represent the “all-inclusive” fees for all of the residential property services or property and facility management services provided by our employees and subcontractors
“management remuneration basis”	a revenue-generating model whereby we collect a percentage of the total amount of service fees for residential property services and property and facility management services
“New first-tier cities”	cities specified by the Rising Lab of Yicai (第一財經新一線城市研究所) as such, being Chengdu, Hangzhou, Chongqing, Xi’an, Suzhou, Wuhan, Nanjing, Tianjin, Zhengzhou, Changsha, Dongguan, Foshan, Ningbo, Qingdao and Shenyang in 2021
“PBOC Benchmark Rate”	the exchange rate for foreign exchange transactions set daily by the PBOC based on the previous day’s PRC inter-bank foreign exchange rates and with reference to prevailing exchange rates on the world financial markets
“properties developed by third-party property developers”	properties solely developed by third-party property developers independent from China Vanke, as well as properties jointly developed by China Vanke and other property developers for which China Vanke did not hold a controlling interest
“Onewo Town”	a strategically selected sub-district in which (i) we have multiple properties under management; and (ii) our employees could commute between managed properties within 20 to 30 minutes
“renewal rate”	calculated as the number of residential property service or property and facility management service agreements effective as at the relevant year-end divided by the number of residential property service or property and facility management service agreements existing for any period during the same year
“residential communities” or “residential properties”	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties

GLOSSARY OF TECHNICAL TERMS

“retention rate”	<p>in the case of residential property service projects:</p> <p>the aggregate number of residential property service agreements as of the end of the period which were retained from the end of the previous period, divided by the aggregate number of residential property service agreements as of the end of the previous period; or</p> <p>in the case of property and facility management projects:</p> <p>the aggregate saturated income generated from property and facility management projects under management as of the end of the period which were retained from the end of the previous period, divided by the aggregate saturated income generated from property and facility management projects under management as of the end of the previous period</p>
“saturated income”	service fee income stipulated in the residential property service agreements or property and facility management service agreements
“second-tier cities”	cities specified by the Rising Lab of Yicai (第一財經新一線城市研究所) as such, being Hefei, Kunming, Wuxi, Xiamen, Jinan, Fuzhou, Wenzhou, Dalian, Harbin, Changchun, Quanzhou, Shijiazhuang, Nanning, Jinhua, Guiyang, Nanchang, Changzhou, Jiaxing, Zhuhai, Nantong, Huizhou, Taiyuan, Zhongshan, Xuzhou, Shaoxing, Taizhou, Yantai, Lanzhou, Weifang and Linyi in 2021
“sub-district”	one of the smaller administrative divisions of China, typically as part of a larger urban area
“sq.m.”	square meter
“tender success rate”	the aggregate number of bids we won in a period divided by the aggregate number of bids we submitted in the same period
“%”	percentage

FORWARD-LOOKING STATEMENTS

We have included in this Prospectus forward-looking statements. All statements other than statements of historical facts contained in this Prospectus, including but not limited to statements in relation to our intentions, beliefs, expectations or predictions for future events and conditions which may not materialize or may change. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions that we believe are fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Some of the risks and uncertainties are listed in the section headed “Risk Factors” and elsewhere in this Prospectus. In some case, you can identify these forward-looking statements by words or phrases such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “going forwards,” “intend,” “may,” “ought to,” “plan,” “potential,” “predict,” “project,” “propose,” “seek,” “should,” “will,” “would” or similar expressions, or their negatives. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- our business operations and prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business development strategies and initiatives and abilities to implement these strategies;
- general economic, political and business conditions in the industry and in markets in which we operate;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- the effects of the global financial markets and economic crisis;
- our ability to identify and integrate suitable acquisition targets;
- our capital expenditure plans;
- our ability to control or reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;

FORWARD-LOOKING STATEMENTS

- the effects of the on-going COVID-19 crisis;
- exchange rate fluctuations and restrictions;
- the actions and developments of our competitors; and
- risks identified under the section headed “Risk Factors” of this Prospectus.

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

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

RISK FACTORS

You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in relation to our H Shares. You should pay particular attention to the fact that we are incorporated in the PRC and that all of our Group's operations are conducted primarily in the PRC, the legal and regulatory environment of which may differ from that prevailing in other countries and regions. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The market price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this Prospectus.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Failure to sustain our growth and profitability may have a material adverse effect on our business, financial condition and results of operations.

We have been expanding our businesses and services and achieved continual growth in our revenue, GFA under management, contracted GFA and the number of projects that we manage and key clients in recent years. As of March 31, 2022, the GFA of the residential and commercial properties under our management was approximately 805.8 million sq.m. We seek to continue to expand through (i) increasing the GFA and the number of properties we manage in the existing and new markets, including properties developed by China Vanke Group and its joint ventures or associated companies or Independent Third Party property developers, (ii) diversifying our portfolio of community value-added services and value-added services for developers, and (iii) growing our network of corporate and institutional clients. However, our expansion plans are based upon our assessment of market prospects. There can be no assurance that our assessment will turn out to be correct at all times or we can grow our business as planned, and our related costs incurred may not be recovered. Our growth strategy may be affected by a number of factors beyond our control. Such factors include changes to the PRC economic condition in general and the PRC property management services market, in particular, government regulations or policies, changes in supply and demand for our services as well as the competitive landscape. Due to the turbulence of the real properties market, there is no assurance that our cooperating partners engaging in the relevant business may not experience negative impact in their business operations and financial condition, the occurrence of which may further affect our expected plan in developing business cooperation relationships. As a result, there can be no assurance that our future growth will materialize or that we will be able to manage our future growth effectively or sustain our profitability. Failure to do so could have a material adverse effect on our business, prospects, financial condition and results of operations.

RISK FACTORS

The success of our business is dependent on general economic and market conditions.

We operate in the community space living consumption services market, the commercial and urban space integrated services market and intelligent city tech services market in China, the growth of which is affected by general economic and market conditions, including, but not limited to:

- changes in international, national, regional and local economic conditions;
- local real estate conditions, such as an oversupply of, or reduction in demand for, residential properties and retail or office space;
- levels of and fluctuations in consumer spending and changes in consumer confidence; and
- changes in applicable laws and regulations, including those related to tax, data privacy, environment, safety and land use rights.

Economic weakness or recession, rising interest rates, fiscal or political uncertainty, market volatility, declining demand for residential or commercial real estate, falling real estate values, disruption to the global capital or credit markets or the public perception that any of these events may occur, may also negatively affect the PRC community space living consumption services market, the commercial and urban space integrated services market and intelligent city tech services market which could, in turn, have a material adverse effect on us.

We may not be able to procure new service contracts as planned or at a desirable pace or price.

During the Track Record Period, we procured new preliminary residential property service contracts through a tender and bidding process in accordance with applicable PRC laws and regulations. The selection of a residential property management company depends on a number of factors, including, but not limited to, the quality of services provided, the level of pricing, brand recognition, market share and the operating history of the property management company. Meanwhile, during the Track Record Period, we procured new property and facility management service contracts primarily through direct engagement with property owners and/or occupiers. The selection of a property and facility management service provider depends on a number of factors, including, but not limited to, the quality of services, the level of pricing, brand recognition, our expertise as a property and facility manager as well as the historical cooperation relationship with the clients. We also procured new urban space integrated service contracts primarily through tender and bidding process during the Track Record Period. The selection of an urban space provider depends on a number of factors, including, but not limited to, the quality of services provided, the level of pricing, brand recognition and the operating history of the urban space provider.

RISK FACTORS

There can be no assurance that we will be able to procure new service contracts in the future as planned or at a desirable pace or price. Our efforts may be hindered by factors beyond our control, which may include, among other things, changes in general economic conditions, evolving government regulations as well as supply and demand dynamics within community space living consumption services market, the commercial and urban space integrated services market and intelligent city tech services market. Failure to procure new service contracts on commercially reasonable terms in a timely manner, or at all, may materially and adversely affect our business, financial condition and results of operations.

Property services contributed and are expected to contribute a significant portion of our revenue, as a result of which our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, staff costs.

In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, revenue derived from our property services, including residential property services under our community space living consumption services segment and property and facility management services under our commercial and urban space integrated services segment, was RMB9,820.2 million, RMB13,153.5 million, RMB16,650.7 million, RMB3,493.9 million and RMB5,205.4 million, respectively, accounting for 70.5%, 72.5%, 70.2%, 73.6% and 76.0% of our total revenue, respectively. Property services are by nature labor-intensive. In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, our staff costs included in costs of sales represented 56.1%, 35.2%, 36.8%, 37.1% and 37.2% of our total costs of sales, respectively. In addition, during the same years or periods, our staff costs included in the administrative expenses represented 50.7%, 50.4%, 50.5%, 58.2% and 61.8%, respectively, of our total administrative expenses, and staff costs included in the selling and distribution expenses represented 69.9%, 65.6%, 50.4%, 65.8% and 63.9%, respectively, of our total selling and distribution expenses. To maintain and improve our profitability, it is critical for us to control our staff costs, as well as other operating costs. We face pressure from rising staff costs due to various contributing factors, including, but not limited to:

- *Increases in average wages.* The average wages have increased substantially in recent years, directly affecting our staff costs as well as the fees we pay to our third-party subcontractors.
- *Increase in headcount.* As we expand our operations, the headcount of our business operational staff, sales and marketing staff and administrative staff may continue to grow. We will also need to retain and continually recruit qualified employees to meet our growing demand for talents, which could further increase our total headcount. Moreover, as we continue to expand our business scale, we will need a growing number of subcontractors. These increases in headcount also increased other associated costs such as those related to training, social insurance and housing provident funds contributions, and quality control measures.

RISK FACTORS

Our ability to maintain and improve our current profitability levels largely depends upon whether we can control staff costs as well as other operating costs as our business expands and we replicate the same cost model across different properties under management. During the Track Record Period, we implemented various technological and managerial solutions to control costs. For details, see “Business — Our Competitive Strengths” and “Business — Research & Development.” Effects of these solutions may take time to materialize, and even with these measures there can be no assurance that we will be able to control or reduce our operating costs, improve our cost efficiency or successfully pass the cost impact to the property service fees charged by us so as to maintain our profitability. If we cannot achieve this, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to fully collect fees for the services we rendered, which could lead to impairment of our trade receivables.

We are subject to credit risk in relation to our collection of trade receivables in the course of our business. For our community space living consumption services, we may encounter difficulties in collecting (i) property service fees from property owners and residents; and (ii) value-added service fees from property owners and residents. Meanwhile, for our commercial and urban space integrated services, we may encounter difficulties in collecting (i) property and facility management fees from property owners, property developers and occupiers; (ii) value-added service fees from property developers, property owners and occupiers; and (iii) urban space integrated service fees from government clients. If our business relationship with the foregoing parties is terminated or scaled back, or if they alter the cooperative arrangements with us, or if they experience financial difficulties in paying us, our corresponding trade receivables may be adversely affected in terms of recoverability, which may adversely affect our financial condition and liquidity. We seek to collect overdue fees through a number of collection measures, such as collecting advance payments and security deposits. However, there can be no assurance that these measures will be effective.

As of December 31, 2019, 2020, 2021 and March 31, 2022, our loss allowance for impairment of trade, notes and retention receivables was RMB20.5 million, RMB36.9 million, RMB134.9 million and RMB168.7 million, respectively. We made such provisions for impairment based on expected credit losses. Actual recoverability of our trade receivables could be lower than our estimates, which may in turn adversely affect our business, financial condition and results of operations.

Our trade and retention receivables due from China Vanke Group and its joint ventures or associated companies constituted a significant component of our total trade and retention receivables.

Our trade and retention receivables due from China Vanke Group and its joint ventures or associated companies constituted a major component of our total trade receivables during the Track Record Period. As of December 31, 2019, 2020, 2021 and March 31, 2022, our trade receivables due from China Vanke Group and its joint ventures or associated companies

RISK FACTORS

amounted to RMB1,539.7 million, RMB1,880.6 million, RMB2,046.3 million and RMB2,160.6 million, respectively. During the Track Record Period, our turnover days of trade and retention receivables from China Vanke Group and its joint ventures or associated companies were 223 days, 182 days, 152 days and 176 days, respectively. The settlement period of our trade and retention receivables in practice was longer for China Vanke Group and its joint ventures or associated companies, taking into account of the credit strength and relatively low risk of default of China Vanke Group and its joint ventures or associated companies, although there was no significant difference in credit periods granted to China Vanke Group and its joint ventures or associated companies and independent corporate clients. We have been increasing our efforts to settle related party receivables in a timely manner during the Track Record Period, and intend to continue such efforts going forward. However, as we do not have control over the business strategies of China Vanke Group or its joint ventures or associated companies, or the macroeconomic or other factors that may affect their business operations, any adverse development in the operations of China Vanke Group or its joint ventures or associated companies may affect our ability to timely recover our trade and retention receivables therefrom, which may in turn adversely affect our liquidity position and results of operations.

We may be subject to losses and our profit margins may decrease if we fail to control our costs in rendering our property services on a lump-sum basis, or increase our property service fee for the relevant services.

We generated a substantial portion of our revenue from properties managed on a lump-sum basis. During the Track Record Period, 94.9%, 95.7%, 96.4% and 97.5% of our revenue from residential property services was generated from residential property services projects in which we charged service fees on a lump-sum basis. During the Track Record Period, revenue generated from our property and facility management services on a lump-sum basis accounted for 97.5%, 96.8%, 97.3% and 98.4%, respectively, of our revenue from property and facility management services. Under the lump-sum basis revenue model, we charge a pre-determined and all-inclusive fee for our property services, which we provide in accordance with the property service contracts we entered into. We are entitled to recognize the full amount of property service fee receivable from property developers, property owners and residents as revenue and bear the costs incurred in providing our property services. For details, see “Business — Community Space Living Consumption Services — Residential Property Services — Revenue Model and Pricing Policy — Service Fees Charged for Residential Property Services — Property service fees charged on a lump-sum basis” and “Business — Commercial and Urban Space Integrated Services — Property and Facility Management Services — Revenue Model and Pricing Policy — Service Fees Charged for Property and Facility Management Services — Property and facility management fees charged on a lump-sum basis.” In the event that our cost of sales is higher than the service fees we collect, we would not be able to request our customers to pay us the shortfall. As a result, we may suffer losses. During the Track Record Period, 466, 478, 876 and 873 of our residential property services project managed on a lump-sum basis had incurred losses, respectively. Our total revenue generated from such loss-making residential properties accounted for 8.3%, 6.0%, 8.6% and 11.6%, respectively, of our total revenue for the relevant years. During the Track Record Period, 117, 110, 231 and 338 of our property and facility management projects

RISK FACTORS

managed on a lump-sum basis had incurred losses, respectively. For details, see “Business — Community Space Living Consumption Services — Residential Property Services — Revenue Model and Pricing Policy — Service Fees Charged for Residential Property Services — Property service fees charged on a lump-sum basis” and “Business — Commercial and Urban Space Integrated Services — Property and Facility Management Services — Revenue Model — Service Fees Charged for Residential Property Services — Property and facility management fees charged on a lump-sum basis.”

To improve our profitability, we attempt to improve our fee rates when renewing service agreements, expand our offering of community value-added services to diversify our revenue streams, or control our costs and expenses through a series of cost-saving initiatives. However, our ability to mitigate losses through cost-saving initiatives, such as operation automation measures to reduce labor costs and energy-saving measures to reduce energy costs, may not be successful. Moreover, our cost-saving efforts may negatively affect the quality of our property services, which in turn will reduce owners’ willingness to pay us property service fee. In addition, the complexity of the legally required property owners’ approval procedures for any fee adjustment, as well as local price control regulations in certain cities where we operate, may restrict our ability to raise our residential property service fee. Therefore, we cannot assure you that we could successfully raise our fee rates; nor could we assure you that our cost-saving initiatives will achieve their intended results. Failure to raise our fee rates or implement cost-saving measures could materially and adversely affect our results of operations and financial condition.

The payments we collected from properties managed on a management remuneration basis may not cover our costs.

During the Track Record Period, revenue generated from our residential properties services on a management remuneration basis accounted for 5.1%, 4.3%, 3.6% and 2.5%, respectively, of our revenue from residential property services. During the Track Record Period, revenue generated from our property and facility management services on a management remuneration basis accounted for 2.5%, 3.2%, 2.7% and 1.6%, respectively, of our revenue from property and facility management services. When we are contracted to manage properties on a management remuneration basis, we essentially act as an agent of the property owners. As of the end of a period, if the working capital of a project accumulated is insufficient to cover the expenses such project incurs to arrange for property services, the shortfall will be recognized as other receivables. We cautiously assess the recoverability of the shortfall and make provision for impairment losses on a project-by-project basis, taking into consideration various factors, including but not limited to (i) credibility and payment record of our customers; and (ii) the profit or loss of the project for the year/period. During the Track Record Period, we had 119, 115, 175 and 202 residential property service projects client funds of which were insufficient to cover their respective costs incurred in the provision of residential property services. As of December 31, 2019, 2020, 2021 and March 31, 2022, the balance of shortfall for these properties amounted to RMB513.3 million, RMB504.3 million, RMB608.4 million and RMB606.6 million, respectively. For details, see “Business — Community Space Living Consumption Services — Residential Property Services — Revenue Model and Pricing Policy — Service Fees Charged for Residential Property Services — Property service fee

RISK FACTORS

charged on a management remuneration basis.” We make reversal when the shortfall is subsequently received. However, we may fail to recover the shortfall and reverse impairment losses, which in turn may materially and adversely affect our business, financial condition and results of operations.

We may need to make allowance for impairment of prepayments, deposits and other receivables.

As of December 31, 2019, 2020, 2021 and March 31, 2022, our current portion of prepayments, deposits and other receivables was RMB1,303.0 million, RMB1,495.4 million, RMB1,697.6 million and RMB2,596.8 million; our non-current portion of prepayments, deposits and other receivables was RMB2,501.8 million, RMB2,043.3 million, RMB1,992.5 million and RMB1,979.4 million as of the same dates, respectively. Our prepayments, deposits and other receivables mainly include (i) amounts due from related parties and third parties, which represent the payments we made for the entrustment of disposing and managing certain carpark spaces on behalf of property developers and were refunded upon subsequent disposals of such carpark spaces to ultimate purchasers, the recoverability of which may not meet our expectation as a result of unsatisfactory sales performance; (ii) payments on behalf of the property owners for properties managed on a management remuneration basis; (iii) prepayments to suppliers, which primarily comprise the amount of balance we maintain with the utility companies in relation to common area electricity fees; (iv) payments on behalf of property owners for properties managed on a lump-sum basis, subcontractors and staff.

There is no guarantee that related parties, customers, suppliers and service providers will perform their obligations in a timely manner, and we are subject to credit risk in relation to prepayments, deposits and other receivables. We make allowance for impairment of prepayments, deposits and other receivables when we determine the chances of recovering the relevant amounts due are remote. We conduct assessments on the recoverability of prepayments, deposits and other receivables based on, among others, our historical settlement records, our relationship with relevant counterparties, payment terms, economic trends and to a certain extent, the larger economic and regulatory environment, which involve the use of various judgments, assumptions and estimates by our management. The balance of our allowance for impairment of prepayments, deposits and other receivables was RMB680.0 million, RMB787.4 million, RMB850.0 million and RMB897.8 million as of December 31, 2019, 2020, 2021 and March 31, 2022, respectively. During the Track Record Period, our net impairment losses for prepayments, deposits and other receivables amounted to RMB132.0 million, RMB107.4 million, RMB61.8 million and RMB47.7 million, respectively. As our management’s estimates and related assumptions were made in accordance with information available to us at the time the allowance was determined, there is no assurance that our expectations or estimates will remain accurate for the future. If we are not able to recover the amount as scheduled, we may need to make allowance for impairment of prepayments, deposits and other receivables and our business, financial condition and results of operations may be adversely affected.

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Termination or non-renewal of a significant number of our service contracts could have a material adverse effect on our business, financial condition and results of operations.

In relation to our property service contracts for residential properties without fixed terms, such contracts can be terminated when the property owners select another property management company through the property owners' general meeting and a replacement property service contract entered into by the property owners' association takes effect. The property service contracts for residential properties which contain a fixed term will need to be renewed upon expiry. Meanwhile, our property and facility management service contracts typically have fixed terms, and need to be renewed upon expiry as well. For details, see "Business — Community Space Living Consumption Services — Residential Property Services — Our Residential Property Service Agreements" and "Business — Commercial and Urban Space Integrated Services — Property and Facility Management Services — Our Property and Facility Management Service Agreements."

There can be no assurance that our services can be provided at a satisfactory level for us to be selected by the relevant property owners to enter into subsequent service contracts or the relevant subsequent service contracts can be renewed when their terms expire. Termination or non-renewal of a significant number of our service contracts could have a material and adverse effect on our results of operations and could potentially be detrimental to our reputation and diminish our competitiveness within the market. In addition, the performance and development of our value-added services, to a large extent, rely upon the number of properties we manage. Accordingly, failure to renew our management service contracts or termination of such contracts could also adversely affect the performance of these value-added services.

Our business operations and financial performance have been and may continue to be affected by the outbreaks of COVID-19.

Since early 2020, a growing number of countries and regions around the world, including the PRC, have encountered outbreaks of COVID-19. On March 11, 2020, the World Health Organization made the assessment that COVID-19 can be characterized as a pandemic. COVID-19 has subsequently spread to over 100 countries and territories globally and the death toll and number of infected cases are continuing to rise. More recently, the outbreaks of COVID-19 variants have imposed significant challenges on public health, causing stringent social distancing restrictions (or even city-wide lock-down policies) in cities where we have operations, including Shenzhen, Shanghai and Hong Kong. Such recent developments have had an adverse impact on economic activities of and livelihood of people living in these cities.

The outbreaks have had an adverse impact on the livelihood of people in, and the economy of, the PRC and Hong Kong. In response to the COVID-19 outbreak, various measures have been implemented, including restrictions on travel and public transport, prolonged closures of workplaces and public places, social distancing measures and mandatory quarantines, which have led to a noticeable reduction in regional and national economic activities during the affected periods. In response to COVID-19, we implemented stricter sanitary and monitoring measures in the properties under our management, and accordingly

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incurred additional operating costs. From January 1, 2020 to June 30, 2022, we incurred aggregate costs of approximately RMB46.7 million for implementing these enhanced hygiene and precautionary measures. Despite that the COVID-19 did not have a material adverse impact on our business during the Track Record Period, with varying levels of temporary restrictions and other measures reinstated in certain regions to contain the infections, our results of operations may be negatively affected. For example, in view of the recent emergence of the significantly more contagious Omicron variant in Shanghai, we expect the property and facility management service fee collection rate to decrease in 2022, primarily due to provisional work-from-home policies adopted by a large number of corporate and institutional clients and closure of workspaces and commercial premises. During the Track Record Period and up to the Latest Practicable Date, certain workspaces and commercial premises in our property and facility management projects, as well as our *Pulin* stores in certain cities underwent temporary closure due to restrictive measures in response to COVID-19 situation, with is still uncertain. For details, see “Summary — Effects of the COVID-19 Pandemic,” and “Business — Effects of the COVID-19 Pandemic — Effects of the COVID-19 Pandemic on Our Business Operation.” Further, in the event of the ease of COVID-19 pandemic, we may not be able to continue our receipt of certain social insurance relief and other government grants, which in turn may negatively affect our results of operations. For instance, the gross profit margin of community space living consumption services experienced a decrease from 18.7% in 2020 to 15.8% in 2021, which was primarily due to certain social insurance relief that we were entitled to in 2020 was not available in 2021. Please also see “Financial Information — Results of Operation — Comparisons between 2020 and 2021,” for details.

Notwithstanding, there remains uncertainty with regard to the continued development of the COVID-19 pandemic and its implications. The outbreaks may disrupt our business and may cause temporary shortage of labor. Any further restrictive measures which include closures of workplace and public places and lockdown locally and nationally, which are beyond our control, could have an adverse effect on the overall business environment, increase our operating costs and adversely affect our business, financial condition and results of operations.

A significant portion of our revenue was from services provided in relation to properties developed and/or owned by China Vanke Group during the Track Record Period.

During the Track Record Period, a significant portion of our residential property services was provided in relation to properties developed and/or owned by China Vanke Group and its joint ventures or associated companies. During the Track Record Period, revenue generated from our provision of property services to residential properties developed by China Vanke Group and its joint ventures or associated companies represented 66.5%, 64.5%, 61.0% and 55.7% of our total revenue generated from property services for residential properties, respectively.

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China Vanke Group was our top customer during the Track Record Period. During the Track Record Period, revenue generated from China Vanke Group represented 12.7%, 15.4%, 16.1% and 13.1% of our total revenue, respectively. As we do not have control over the business strategies of China Vanke Group, nor the macroeconomic or other factors that may affect their business operations, any adverse development in the operations of China Vanke Group or their ability to develop new properties may affect our ability to procure new service contracts. We may enjoy priority when China Vanke Group considers candidates to engage with for property services for residential properties developed and/or owned by them. However, there can be no assurance that we will be able to procure all service contracts in the tender and bidding process or selection process initiated by China Vanke Group for new properties developed by them.

Decline of sales or financial difficulties experienced by property developers, may have material adverse impact on our business, financial condition, results of operations and prospects.

During the Track Record Period, a significant portion of our revenue growth was attributed to the expansion of the portfolio of our property services through obtaining new service agreements from property developers. Property developers may experience decline of sales or financial difficulties due to economic downturn globally or in China, material and adverse evolution of the regulatory environment of the PRC or a negative impact of prolonged pandemic, which in turn may affect our procurement of new service contracts for property services and value-added services and further have a negative impact on our business, financial condition, results of operations and prospects. The real estate industry is heavily regulated by the PRC Government. See “Regulatory Overview.” The PRC Government may introduce new initiatives or implement more stringent measures to regulate the real estate industry in the future, such as setting caps on certain debt ratios, with a view to controlling the increase of the debt levels in the real estate sector. Such potential initiatives or measures, once in place, may further limit property developers’ access to capital and slow down the overall growth of the real estate sector and revenue expansion of property developers which may in turn negatively impact the growth of the property management services industry and the supply of new properties for management by property management companies like us. In particular, recently certain property developers in China were reported to be experiencing delays in delivering residential properties which in turn led to the refusal of relevant property buyers to make mortgage loan repayment. There is no assurance that such incidents may not bring about further negative development to the overall property development industry in China, or relevant government authorities in China may not issue more stringent regulations or policies that may further restrict development of real estate market in China. In such cases, for instance, due to delay in construction and/or sales schedules, we may experience a slower growth in our value-added services for developers, including primarily our deliveries of sales center and model room unit management services as well as our pre-delivery support services. In addition, such aforementioned factors of economy slowdown, recent adverse regulatory evolution in the PRC as well as other potential stringent measures or initiatives may together hinder the growth of our GFA under management, which in turn will adversely affect the growth of our property services and value-added services.

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Brands and reputation are our key assets and affect how we are perceived in the market. Any damage to brand image could adversely affect our business.

Brands are our key assets. We carry out our community space living consumption services, commercial and urban space integrated services and AIoT and BPaaS solution services primarily through our *Vanke Service* (萬科物業), *Cushman & Wakefield Vanke Service* (萬物梁行), *City Up* and *Vanrui IntelliTech* (萬睿科技) brand names. Our ability to attract and retain customers is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, management, workplace culture, financial condition, our response to unexpected events and other subjective qualities. The success of our business depends substantially upon our continued ability to increase brand recognition and further grow brand equity. As certain brand names or trademarks we use are licensed by China Vanke Group, Yango Group and other entities, if we or these entities or our or their respective directors, management personnel or other employees take action that damages such brand names or corporate image, or if any material negative publicity is associated with any of them, for example, as a result of regulatory investigations into, or other proceedings involving, wrongdoing or corrupt practices engaged in by any such entity or person, our brand image and reputation as well as our market value may be adversely affected. Meanwhile, unauthorized use of our brand names or related trademarks may diminish the value of our brands, market reputation and competitive advantages. In addition, there can be no assurance that certain property owners, residents and consumers and/or their respective groups of a property under our management will not have specific demands or expectations which are beyond what we can provide within our normal course of operations. In order to compel us to meet these demands, such property owners, residents and consumers will attempt to exert pressure on us by means beyond our control, such as by way of lodging or making complaints directly to us or through various media sources. Negative perceptions or publicity regarding these matters, even if related to seemingly isolated incidents and whether or not factually correct, could erode trust and confidence and damage our reputation among existing and potential clients, which could make it difficult for us to attract new customers and maintain existing ones.

We believe our continued success depends on our ability to preserve, grow and leverage the value of such brands and reputation. The protection of our brands and reputation, including related trademarks, may require the expenditure of significant financial and operational resources. Moreover, the steps we take to protect our brands may not adequately protect our rights or prevent third parties from infringing or misappropriating our trademarks. Even when we detect infringement or misappropriation of our trademarks, we may not be able to enforce all such trademarks. Any unauthorized use by third parties of our brands may adversely affect our brands and reputation. Furthermore, as we continue to expand our business, there is a risk that we may face claims of infringement or other alleged violations of third-party intellectual property rights, which may restrict us from leveraging our brands and reputation in a manner consistent with our business goals.

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Our strategic plan to further diversify and expand our services may not succeed as planned in the future.

We have diversified our services by providing various services to meet the evolving needs of our customers. However, some of our services were newly introduced, such as urban space integrated services and BPaaS solutions. With limited operating history and experience, we may face unknown risks, rising expenses and fierce competition in the market. We have encountered and expect to continue to encounter risks and difficulties frequently experienced in relation to new service offerings, and those risks and difficulties may be heightened in a rapidly evolving market. Those risks and difficulties may affect our ability to:

- attract and retain customers and qualified employees;
- develop and maintain close cooperation with strategic partners to offer certain services;
- maintain effective control of our development as well as operating costs and expenses;
- develop and maintain internal personnel, systems, controls and procedures to comply with the extensive regulatory requirements applicable to the relevant industries;
- cater for various consumer preferences, or anticipate product or service trends that will appeal to existing or potential customers;
- respond to competitive market conditions and changes in industry environments; or
- respond to changes in regulatory environment.

Our failure to achieve any of the above may jeopardize our ability to offer newly introduced services. See “Business — Our Strategies.” Launching new services and products, changing our service models or entering into new markets may also require substantial time, resources, capital and additional licenses, permits or filings. We cannot assure you that we can obtain or renew our license on time, or at all. We may have limited ability to leverage on our brand name in the way that we have done so in the property service industry, which could hinder our results of operations in the new market.

Furthermore, we cannot assure you that our investment in our newly introduced business can be recouped in a timely manner, or at all, or our investment return would be higher than that of other comparable companies. We cannot assure you that our future strategic development plan, which is based upon our forward-looking assessment of market prospects and customer preferences, will always turn out to be successful. A number of factors beyond our control may also affect our plan for the development of diversified services, including

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

We rely on third-party subcontractors to perform certain property services and dispatch agencies for provision of labor.

We delegate certain specialized property services, such as security, cleaning and greening, to third-party subcontractors. During the Track Record Period, our subcontracting costs accounted for 21.4%, 45.5%, 43.3% and 45.5% of our total cost of sales, respectively. We may not be able to monitor the service quality of our subcontractors and service providers as directly and effectively as with that of our own employees. They may take actions contrary to our instructions or requests, or be unable or unwilling to fulfill their obligations. As a result, we may have disputes with our subcontractors or service providers, or may be held responsible for their actions, either of which could lead to damage to our reputation, additional expenses and business disruptions, and potentially expose us to litigation and damage claims. We may be able to recover from a subcontractor or service provider the amounts we are required to pay to customers due to the subcontractor's or service provider's failure to perform, pursuant to the agreements that we enter into with such party, but there can be no assurance that we will be able to recover any amount, or at all. Upon the expiration of our agreements with our current subcontractors and service providers, there can be no assurance that we will be able to find suitable replacements in a timely manner on terms acceptable to us, or at all. In addition, if our subcontractors or service providers fail to maintain a stable team of, or have easy access to a stable supply of, qualified labor, the work process may be interrupted. Any interruption to the subcontractors' or service providers' work process may potentially result in (i) a breach of the contract that we entered into with our customers; (ii) difficulties in collecting property service fees from property owners; and (iii) decreased likelihood of successfully renewing our engagement upon expiry. Any of such events could materially and adversely affect our service quality and reputation, as well as business, financial condition and results of operations.

In addition, as of the Latest Practicable Date, a certain percentage of the total number of our workers at one of our subsidiaries were dispatched staff that we hired above the threshold of 10% as required by the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) (the "**Interim Provisions**"). A total of 66 dispatched staff hired by the one subsidiary were involved in exceeding the threshold of 10%. These dispatched staff were mainly hired for positions with supporting nature. Pursuant to the Interim Provisions which came into effect on March 1, 2014, an employer shall strictly control the number of dispatched staff to make sure that it does not exceed 10% of the total number of its workers. In the event of violation of the Interim Provisions, the relevant labor department would order the violating company to rectify such violation. If the violating company does not rectify within a prescribed period, it will be imposed a fine of RMB5,000 to RMB10,000 for each person over the limit. As a result, the potential maximum fine which may be imposed on us amounted to RMB660,000. In order to reduce the percentage of dispatched staff engaged by us to a level that complies with the Interim Provisions, as of the Latest Practicable Date, we were in the process of scaling down our engagements with dispatched staff by entering into formal employment relationships with

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those that meet our hiring standards. See “Business — Our People — Dispatched Staff” for details. As a result, we cannot guarantee if we can have sufficient workers to perform different types of property services after reducing our reliance on dispatched staff at this subsidiary.

Individual projects may not be as profitable as expected due to unexpected costs, unanticipated delays, early termination of engagements or undesirable results.

When we submit proposals to bid for projects, we provide cost estimates. We believe these estimates reflect our best judgment regarding the efficiencies of our methodologies and professionals as we plan to deploy them on projects. Any increased or unexpected costs or unanticipated delays in connection with these projects, including delays caused by factors beyond our control, could make these projects less profitable or unprofitable, which would have an adverse effect on our profitability. We suffered losses from certain property services projects during the Track Record Period. For details, see “— Property services contributed and is expected to contribute a significant portion of our revenue, as a result of which our ability to maintain or improve our current level of profitability depends on our ability to control operating costs, in particular, staff costs.”

In addition, as large projects involve multiple engagements or stages, there is a risk that a client may choose not to retain us for additional stages of a project or that a client may cancel or delay their original operational plan or additional planned engagements. These terminations, cancellations or delays could result from factors unrelated to our work product or the progress of the project, but could be related to business or financial condition of the client or the economy generally. Our results of operations could suffer as a result.

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

As of December 31, 2019, 2020, 2021 and March 31, 2022, our contract liabilities amounted to RMB3,067.1 million, RMB3,546.4 million, RMB4,167.7 million and RMB4,423.0 million, respectively. Our contract liabilities primarily arise from the advance payments received from customers of our property services while the underlying services are yet to be provided by us. See “Financial Information — Description of Certain Components of Our Consolidated Statements of Financial Position — Contract Liabilities.” If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the property service fee we have received, which may adversely affect our cash flow and liquidity condition and our ability to meet our working capital requirements and in turn, our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may also adversely affect our relationship with such customers, which may in turn affect our reputation and results of operations in the future.

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Our business is subject to a variety of laws, regulations, rules, policies and other obligations regarding cybersecurity, privacy, data protection and information security. Failure to comply with these laws, regulations and other obligations or any losses, unauthorized access or releases of confidential information or personal data could subject us to significant reputational, financial, legal and operational consequences.

We collect, process and store significant amounts of data concerning our customers, business partners and employees, including personal information involving our customers, such as name, gender, date of birth, ID number, residential addresses, contact numbers, email addresses, vehicle numbers, company names and company addresses, geographical location and facial information. Our security measures may be breached due to employee errors, malfeasances, system errors or vulnerabilities, or more. External parties may also attempt to fraudulently induce employees to disclose sensitive information in order to gain access to our data or our customers' data. While we have taken steps to protect the confidential information that we have access to, our security measures may be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and are generally not identified until they are launched against a target, we may not be able to identify these techniques or to implement adequate preventive measures. Any accidental or willful security breaches or other unauthorized access to our platforms could cause confidential customer information leakage and usage for unlawful purposes. Security breaches or unauthorized access to confidential information could also expose us to liabilities related to the loss of the information, time-consuming and expensive litigation and negative publicity.

We are subject to laws, regulations and governmental policies regarding cybersecurity, data privacy and protection in multiple areas and jurisdictions where we have a business existence. See “Regulatory Overview — PRC Laws and Regulations Relating to Cyber Security” and “Regulatory Overview — PRC Laws and Regulations Relating to Internet Privacy.” In particular, on June 10, 2021, the SCNPC promulgated the PRC Data Security Law (中華人民共和國數據安全法) (the “**Data Security Law**”), which took effect in September 2021. The Data Security Law provides for a security review system for the data activities that may affect national security. On August 20, 2021, the SCNPC issued the PRC Personal Information Protection Law (中華人民共和國個人信息保護法), which took effect from November 1, 2021. The PRC Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, and clarifies the scope of application, the definition of personal information and sensitive personal information, the legal basis of personal information processing and the basic requirements of notice and consent. In addition, on December 28, 2021, the Cyberspace Administration of China (the “**CAC**”) promulgated the Cybersecurity Review Measures (網絡安全審查辦法) (the “**Measures**”), which came into effect on February 15, 2022. The Measures further clarifies the scope of application of cybersecurity review. According to the Measures, network platform operators with personal information of more than one million individuals shall apply to the Cybersecurity Review Office for a cybersecurity review in the event of a “foreign” listing (國外上市). On November 14, 2021, the CAC published the Regulations for the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the “**Draft Cyber Data**

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Security Regulations”), which provides the circumstances under which data processors shall apply for cybersecurity review, including, among others, when (i) the data processors who process personal information of at least one million users apply for a “foreign” listing (國外上市); and (ii) the data processors’ listing in Hong Kong affects or may possibly affect national security. However, it provides no further explanation or interpretation as to what constitutes a listing that could be perceived as “affecting national security.” This would imply that the PRC Government has broad discretion in interpreting the term “affect or may affect national security.” As a result, there remains substantial uncertainty as to whether our listing in Hong Kong will be subject to cybersecurity review. Given these uncertainties, we cannot assure you whether we would be subject to the cybersecurity review for this Listing pursuant to such draft regulation. As of the Latest Practicable Date, the Draft Cyber Data Security Regulations had not been formally adopted and we had not been informed by CAC of any requirement to file for approval for this Listing. It is uncertain when the final regulation will be issued and take effect, how it will be enacted, interpreted and implemented, and whether or to what extent it will affect us. If the Draft Cyber Data Security Regulations are adopted into law in the future, we may become subject to enhanced cybersecurity review, or regulatory bodies in China may retroactively apply and implement such draft regulations by conducting a cybersecurity review over our company in connection with this Listing. To mitigate the potential impact of any such regulatory changes, we will pay close attention to the legislative and regulatory development in cybersecurity and data protection, maintain ongoing dialogue with relevant government authorities and consult the relevant government authorities as necessary and in due course, we will also rectify, adjust, and optimize our data practices in a timely manner to keep pace with regulatory development.

We have incurred, and will continue to incur, significant expenses in an effort to comply with cybersecurity, privacy, data protection and information security related laws, regulations, standards and protocols, especially as a result of such newly promulgated laws and regulations. Despite our efforts to comply with applicable laws, regulations and policies relating to cybersecurity, privacy, data protection and information security, we cannot assure you that our practices, offerings, services or platform will meet all of the requirements imposed on us by such laws, regulations or policies. Any failure or perceived failure to comply with applicable laws, regulations or policies may result in inquiries or other proceedings being instituted against, or other lawsuits, decisions or sanctions being imposed on us by governmental authorities, users, consumers or other parties, including but not limited to warnings, fines, directions for rectifications, suspension of the related business and termination of our applications, as well as in negative publicity on us and damage to our reputation, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects. In addition, any public concerns about our practices with regard to the collection, use of personal information or other privacy-related matters, even if unfounded, could damage our reputation, which may, in turn, have a material and adverse effect on our business, financial condition and operating results.

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Failure to maintain good relationships with corporate and institutional clients, competitive conditions, and change of financial condition or operations of corporate and institutional clients may adversely affect our business.

We value the expansion of business relationships with individual corporate and institutional clients because of the increased efficiency and economics that can result from developing recurring business from performing an increasingly broad range of services for the same client. As our corporate and institutional clients grow their business, their expectations of property and facility management services as well as other real estate services may change. In the event that we are unable to provide services catering to their evolving needs, we may fail to maintain good relationships with them, which may adversely affect our business, financial condition and results of operations.

In addition, large clients may have strong bargaining power over certain contract terms with respect to the payment of fees, the extent of risk transfer, acting as principal rather than agent in connection with supplier relationships, liability limitations, and other contractual terms, or in connection with disputes or potential. Where competitive pressures result in higher levels of potential liability under our contracts, the cost of operational errors for which we have indemnified our clients will be greater and may not be fully insured, which may in turn adversely affect our business, financial condition and results of operations.

Due to our increasingly extensive cooperation with large corporate and institutional clients, change of their financial condition or operations may adversely affect our business. For example, our corporate and institutional clients may (i) experience financial problems; (ii) become bankrupt or insolvent, which can lead to our failure to be paid for services we have previously provided or funds we have previously advanced; (iii) decide to reduce its operations or its real estate facilities; (iv) make a change in its real estate strategy, such as no longer outsourcing its property and facility management services; (v) decide to change its providers of property and facility management services; or (vi) merge with another corporation or otherwise undergo a change of control, which may result in new management taking over with a different real estate philosophy or in different relationships with other property and facility management service providers.

Our involvement in urban space integrated services may require more resources and the benefits from such projects may not become apparent in the near future.

In recent years, a number of cities in the PRC have issued policies and plans to facilitate the development of “smart cities” (the “**Smart City Initiatives**”). In implementing the Smart City Initiatives, authorities in some cities, such as Beijing, Shenzhen and Chengdu, have started to introduce market forces by engaging enterprises with innovative technological and managerial solutions to undertake or advise on the rendering of certain municipal services in a designated area, such as a new town or an old sub-district, with a view of improving the quality of public services and optimizing the efficiency of urban governance. We actively take part in the Smart City Initiatives through providing urban space integrated services. For details, see “Business — Commercial and Urban Space Integrated Services — Urban Space Integrated

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Services.” During the Track Record Period, a majority of urban space projects were acquired through public tender and bidding process organized by government authorities. However, there is no assurance that we will be able to continue to win similar biddings in the future or expand our portfolio of urban space projects at a pace we anticipated due to changes in the regulatory environment or factors that are beyond our control. Even if we manage to secure new service contracts from government authorities, an urban space project usually involves (i) allocation of a significant amount of resources as the solutions need to be customized for each designated area we serve; (ii) higher planning difficulty, especially in currently underserved sub-districts with long-standing, complex urban governance problems; (iii) more efforts in negotiations and coordination with multiple local government authorities and other relevant stakeholders; and (iv) prolonged settlement procedures for service fee receivable from government authorities. For such reasons, we may not be able to generate expected returns and the benefits from urban space projects may fail to materialize, and our business, financial condition and results of operations may in turn be materially and adversely affected.

We may be adversely affected by material issues that affect our relationships or business ventures with our joint ventures and associated companies which engage in the provision of urban space integrated services.

We have established joint ventures and associated companies to jointly provide urban space integrated services. The performance of such joint ventures and associated companies may affect our results of operations and financial condition. During the Track Record Period, our share of profits of our joint ventures and associated companies which engage in the provision of urban space integrated services was RMB14.3 million, RMB16.8 million and RMB6.9 million and RMB0.5 million, respectively.

The success of our joint ventures and associated companies depends on a number of factors, some of which are beyond our control. We may not be able to force our partners to fully perform their obligations to us pursuant to our cooperation agreements. Our partners, which are mostly state-owned enterprises with an established presence in local markets, may terminate their cooperation with us due to unexpected government policy shifts. In addition, our joint ventures and associated companies may not be able to successfully secure urban space integrated services contracts through government tender and bidding process. As a result, we may not be able to realize the anticipated economic and other benefits from our joint ventures and associated companies or even suffer losses. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our joint ventures or associated companies. We cannot assure you that we will not have material disputes with our business partners in relation to our joint ventures or associated companies in the future. In addition, since our joint ventures and associated companies are generally controlled by our state-owned enterprise partners which are subject to more restrictive remuneration policies, we cannot assure you that they will be able to maintain a remuneration system competitive enough to attract and retain talents. Our business, results of operations and financial condition may be adversely affected if our joint ventures or associated companies encounter any of the above scenarios.

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Our joint ventures or associated companies may bring us new business opportunities. For instance, they may engage us to provide AIoT solutions in their urban space integrated services projects undertaken. However, since we do not have control over our joint ventures and associated companies, we may not be able to enter into service contracts with them on terms favorable to us, which could limit our ability to achieve margin expansion. Moreover, the results of operation of our joint ventures and associated companies are subject to various factors that may not be fully or even partially controlled by us. Any adverse developments of our joint ventures and associated companies may result in us sharing reduced profits or even losses therefrom, which will in turn adversely affect our results of operation. In addition, there can be no assurance that dividends will be declared and paid by our joint ventures or associated companies. Even if profits are reported under equity accounting, our investment in joint ventures or associated companies will not generate any cash flow unless such dividends are received, making such investment not as liquid as other investment products, the failure of which may adversely affect our liquidity position and results of operations.

Our acquisitions, investment in other companies or strategic alliances with third parties may not be successful and we may face difficulties in integrating acquired operations with our existing business.

In 2021, we acquired Bon Property and Yango Intelligent. In addition, we plan to continually evaluate opportunities to acquire and invest in other companies and businesses or form strategic alliances that are supplementary to our existing business and integrate their operations into ours. However, there can be no assurance that we will be able to identify suitable opportunities, especially given the fierce competition we may face from other market players, including our peers listed on the Stock Exchange, who are also seeking quality acquisition or investment targets to materialize expansion goals. Further, even if we manage to identify relevant opportunities, such acquisitions, investments and strategic alliance still involve uncertainties and risks, such as failure to achieve the intended objectives, diversion of resources and management's attention, potential ongoing financial obligations and unforeseen or hidden liabilities, ability to enforce performance guarantee (if any), non-compliance incidents and legal disputes, which may materially and adversely impact our business, financial condition and results of operation. For instance, following our acquisition of Bon Property, a plaintiff filed a lawsuit against us and certain previous shareholders of Bon Property, seeking to invalidate a certain portion of equity interests we acquired. See "Business — Legal Proceedings and Non-compliance — Legal Proceedings." Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions, investments or strategic alliance on terms favorable or acceptable to us, in a timely manner, or at all, which may materially and adversely affect our competitiveness and growth prospects.

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We recorded net current liabilities as of December 31, 2021, March 31, 2022 and July 31, 2022, and net operating cash outflows for the three months ended March 31, 2021 and 2022, and our business and financial position could be materially and adversely affected if we fail to maintain effective current liabilities and cash flow management.

We recorded net current liabilities as of December 31, 2021, March 31, 2022 and July 31, 2022. Our net current liabilities decreased from RMB2,573.5 million as of December 31, 2021 to RMB1,836.4 million as of July 31, 2022. For the three months ended March 31, 2021 and 2022, we recorded net cash flows used in operating activities of RMB908.8 million and RMB1,917.4 million, respectively.

We cannot assure you that we will not record net current liabilities again or net operating cash outflows in the future. A net current liabilities position exposes us to liquidity risks, and net operating cash outflows could impair our ability to make necessary capital expenditures and meet our liquidity requirements, thereby constraining our operational flexibility. Our future liquidity, the payment of trade and other payables and the repayment of borrowings will primarily depend on our ability to generate adequate cash inflows from our operating activities. If we experience a shortage in cash flow generated from operations or fail to maintain effective working capital and cash flow management, our liquidity position may be materially and adversely affected, which, in turn, may impact our ability to execute our business strategies. In such event, our results of operations and financial condition will be materially and adversely affected.

The development of mobile apps we operate, such as “Zhuzher (住這兒)”, may not proceed as planned, and we may be exposed to liabilities from disputes involving products and services marketed on such mobile apps.

We utilize mobile apps, such as “Zhuzher (住這兒)”, as the gateway for users to access our residential services with a view to enhancing customer experience and loyalty, as well as our brand recognition. The future development of such mobile apps depends on our ability to enhance the functionality of such mobile apps, as well as our ability to stay abreast of emerging lifestyle and consumer preferences to attract and appeal to users. There can be no assurance that our users will be able to have access to their desired services through such mobile apps, or our users may lose interest in our mobile apps and thus may use such mobile apps less frequently, if at all, which, in turn, may adversely affect our business, results of operations and financial condition.

As advised by our PRC Legal Advisor, commercial Internet information services we provide through our “Zhuzher (住這兒)” Mobile App require a license for value-added telecommunication services (the “ICP Certificate”). During the Track Record and as of the Latest Practicable Date, our ICP Certificates remained valid and effective. For details, see “Business — Certificates, Licenses and Permits — Licenses Required for Our “Zhuzher (住這兒)” Mobile App.” However, we cannot assure you that we can renew our ICP Certificate upon expiry. Failure to renew ICP Certificate in a timely fashion or otherwise maintain the ICP Certificate may adversely affect our business, results of operations and financial condition.

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As we collaborate with third parties and display their products and services on our mobile app platform, we may be subject to product liability arising from displaying such products or services under the relevant PRC laws and regulations. Any product liability claim or governmental regulatory action could be costly and time-consuming. We could be required to pay substantial damages as a result of such claim or action. A material design, manufacturing or quality failure in the products or services displayed on our relevant mobile app platform, safety issues or heightened regulatory scrutiny could each result in a product recall and increased product liability claims. All of these events could materially harm our brand and reputation and marketability of such products or services, cause us to lose our existing mobile app platform users with lower user engagement, divert our management's attention and have an adverse effect on our business, financial condition and results of operations.

We may be subject to fines for our failure to register for and/or contribute to social insurance fund and housing provident fund on behalf of some of our employees and arrange some of our employees to be enrolled as a member of a mandatory provident fund scheme.

During the Track Record Period, our Company and some of our PRC subsidiaries did not register for and/or fully contribute to certain social insurance and housing provident funds for their employees. As such, we may be subject to late fees and fines for our insufficient contributions to the social insurance plans and housing provident fund as well as non-registration of an account for housing provident fund. As of the Latest Practicable Date, we had not received any notice from the local government authorities regarding any claim for inadequate contribution of our current and former employees.

According to the relevant PRC laws and regulations, (i) for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contribution within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount of each day of delay; if we fail to make such payments within a stipulated deadline, we may be liable to a fine of one to three times of the outstanding contribution amount; and (ii) for the housing provident fund registration that we fail to complete before the prescribed deadline, the relevant government authorities may demand that we complete the housing provident fund registration by a stipulated deadline. If we fail to rectify by that deadline, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiaries or branches and, for outstanding housing provident fund contributions that we did not fully pay within the prescribed period, the relevant government authorities may demand that we pay the outstanding housing provident fund contributions by a stipulated deadline. If we fail to rectify by that deadline, we may be subject to an order from the relevant People's court for compulsory enforcement. We cannot assure you that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit or impose late or additional fees or fines on us, which may materially and adversely affect our financial condition and results of operations.

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We are subject to the regulatory environment and measures affecting the PRC property service and real estate industries, including government guidance on property service fee levels.

The PRC property service industry and our operations are substantially affected by the relevant regulatory environment and measures. In particular, the fees that property management companies may charge in connection with property services are strictly regulated and supervised by relevant PRC authorities. We seek to comply with the regulatory regime of the property services in conducting our business operations. In December 2014, the NDRC issued the Circular of NDRC on the Opinion on Liberalizing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》) (發改價格[2014]2755號), which requires the relevant provincial authorities to relax the price control policies in relation to the property services for non-government-subsidized housing properties. Property service fee for government-subsidized housing properties, housing-reform properties and properties in older residential areas and management fees under preliminary property service agreements remain subject to price guidance imposed by provincial level price administration departments and the administrative departments of housing and urban-rural development. The PRC Government may also promulgate new laws and regulations in relation to property service fee from time to time. For further information, please see “Regulatory Overview — PRC Laws and Regulations Relating to Property Management Services — Regulations on Property Management Services Charges.”

We expect that price controls on residential properties will be relaxed over time. For now, our property service fees are subject to the existing local regulations passed by the relevant authorities to implement the above-mentioned circular issued by NDRC on the Opinion on Liberalizing Price Controls in Certain Services. However, we cannot assure you that the PRC Government will not re-impose limits on property service fees. The government-imposed limits on fees, coupled with rising labor and other operating costs, could have a negative impact on our profit. Our profit margins may reduce as our labor, subcontracting and other associated costs increase. We also cannot assure you that we would be able to respond to such changes in a timely manner and effectively by implementing our cost-saving measures, nor that we would be able to pass the additional costs to our customers. The PRC Government may also unexpectedly promulgate new laws and regulations in connection with property service industry that have potential adverse impact on our business. This could increase our compliance and operational costs, thereby materially and adversely affect our business, financial condition and results of operations.

Furthermore, we may also be affected by the PRC government regulations on the real estate industry. The PRC Government has implemented a series of measures with a view to controlling the growth of the economy in recent years. In particular, the PRC Government has continued to introduce various restrictive measures to discourage speculation in the real estate market. The PRC Government exerts considerable direct and indirect influence on the development of the PRC real estate industry by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. For example, the PBOC and the

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Ministry of Construction held a forum on controlling the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers in August 2020. According to such proposed standard, a property developer's access to financing will be limited to a certain extent, subject to their compliance with the limitations of three designated financial ratios (assets-to-liabilities ratio, net gearing ratio and cash to short-term borrowing ratio) (the “**PBOC Standards**”). The PBOC Standards require that (i) the assets-to-liabilities ratio (excluding receipts in advance) shall not exceed 70%, (ii) the net gearing ratio shall not exceed 100%, and (iii) the cash to short-term borrowing ratio shall not be lower than 1.0. In addition, in the event that the PBOC Standards comes into effect, the ability to access external financing of property developers who fail to comply with any of the three limits may be adversely affected, which may in turn hinder their business growth and cause a delay in the delivery of properties we were contracted to manage. In addition, the PRC Government may further tighten its regulations on the real estate industry, such as by implementing more stringent requirements for property developers seeking external financing. Failure to secure sufficient external financing due to inability to comply with more stringent regulatory requirements may hinder property developers' ability to implement its business strategies, acquire land parcels and complete the development of our property projects. The PRC government may introduce other initiatives or implement more stringent measures in the future. For instance, the SCNPC authorized the State Council to carry out a pilot program for the real estate tax reform in certain regions on October 23, 2021, according to which real estate tax is proposed to be imposed on land users and property owners of various types of properties in the pilot regions, such as residential or non-residential properties, except for rural homestead and buildings. Given that a significant portion of our revenue from residential property service during the Track Record Period was generated from preliminary property service agreements entered into with property developers, our business, financial condition and results of operations may be materially adversely affected as well.

On December 28, 2020, PBOC and CBIRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》) (the “**Real Estate Loan Notice**”), which requires a PRC financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such financial institution. A relevant financial institution will have a transition period of two years or four years to comply with the requirements depending on whether such financial institution exceeded 2% of the legal proportion based on the statistical data relating to such financial institution as of December 31, 2020. Under the Real Estate Loan Notice, PBOC and CBIRC will have the authority to take measures such as, among other things, imposing additional capital requirements on and reallocating the weight adjustments relating to the risk of real estate assets for financial institutions that fail to rectify the proportion requirements within a certain period. As a result, the PRC Government may restrict or reduce property development activities, place limitations on the ability of commercial banks to make loans to property purchasers, impose additional taxes and levies on property sales and affect the delivery schedule and occupancy rates of the properties we service. As advised by our PRC Legal Advisor, the Real Estate Loan Notice does not directly apply to us. To our best knowledge after

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consulting China Vanke Group, during the Track Record Period and as of the Latest Practicable Date, China Vanke Group did not experience any difficulties in bank loan renewals or obtaining new bank loans that would cause a material adverse impact on its results of operation and financial condition, nor was it subject to any administrative penalties or investigations.

The PRC Government may also, from time to time, promulgate new laws and regulations in relation to the PRC real estate industry based on macroeconomic considerations. Any such governmental regulations and measures may affect the PRC real estate industry, which, in turn, may limit our business growth and result in a material adverse effect on our business, financial condition and results of operations. In particular, the PRC government may introduce other initiatives or implement more stringent measures in the future, such as setting caps on certain debt ratios, with a view to controlling the increase of the debt levels in the real estate sector. Such potential initiatives or measures, once in place, may further limit property developers' access to capital and slow down the overall growth of the real estate sector and expansion of property developers, including China Vanke Group, which may in turn negatively impact the growth of the property service industry and the supply of new properties for management by property management companies like us. Therefore, the overall demand for properties may decrease and in turn decelerate the overall growth of property services and value-added services, which could in turn affect our growth potential and our business expansion.

On July 13, 2021, eight government departments including the MOHURD issued the Notice on the Continuous Improvement and Regulation of the Real Estate Market (《關於持續整治規範房地產市場秩序的通知》) (the “**Regulatory Notice**”), determined to improve the real estate industry in the PRC in around three years by curbing the violations of laws and regulations, enhancing the regulation mechanism and establishing an information system to facilitate regulatory supervision. According to the guidelines set forth in the Regulatory Notice, the governmental rectification efforts will focus on not only real estate development, purchase and sales of housing and rental properties, but also property service. We may incur additional costs in complying with the Regulatory Notice and future rules and regulations on property service industry, which may cause us financial burden and affect our results of operations.

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

We are required to obtain governmental approvals in the form of permits, licenses, certificates or fillings in order to provide our services. In China, these include the Food Business License (食品經營許可證), Sanitary License (衛生許可證), High-risk Sports Program Business License (高危險性體育項目經營許可證), Permits or Filing for Parking Lots (停車場許可或備案) and Filing for Non-local Property Service Companies (外地物業服務企業備案). In Hong Kong, pursuant to Property Management Services Ordinance (Chapter 626 of the Laws of Hong Kong) (“**PMSO**”), the first three years (i.e. from August 1, 2020 to July 31, 2023) after the implementation of the licensing regime is a transitional period during which anyone acting as a property management company (“**PMC**”) or property management practitioner (“**PMP**”) is not required to be licensed. After the transitional period, any business entity carrying on the

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business of providing more than one category of property management services must hold a PMC license, and any individual assuming a managerial or supervisory role in all the property management services provided by that PMC to a property must hold a PMP (Tier 1) license or PMP (Tier 2) license. Given that our property services business in Hong Kong falls within more than one category of services specified under PMSO, we will have to hold a PMC license on or before July 31, 2023 in compliance with such licensing regime. Generally, they are issued or renewed only after certain conditions have been satisfied according to the local rules and regulations, and the implementation of such rules and regulations may at the discretion of the relevant governmental authorities. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions that delay us in obtaining or renewing, or result in our failure to obtain or renew, the required governmental approvals or complete the filing procedures in a timely manner. In addition, we are required to make necessary governmental filings to relevant authorities for our business operations, such as real estate brokerage institution filing, property service price filing and property service agreement filing. If we fail to make filings required by the law or regulations or relevant authorities or fail to make such filings timely, we may be subject to administrative fines or penalties. Loss of or failure to obtain or renew our permits, licenses and certificates and omission to make necessary governmental filings or failure to make timely filings may stall our business operations, possibly leading to material adverse effects on our business and results of operations.

Our initiatives to develop and introduce new technologies and technology-enabled solutions may not succeed, which may limit our future growth.

We have invested and plan to continue investing in research and development of new technologies, such as AIoT solutions and BPaaS solutions. However, development activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources including qualified research and development personnel and generate the results we expect. Even if we succeed in our research and development efforts, we may still encounter practical difficulties in implementing the new technology to our business operations or commercializing our development results. As a result, we cannot assure you that our efforts in research and development will translate into commercial success.

The preferential income tax treatment and government grants that we enjoy in the PRC may be altered or terminated.

Our certain subsidiaries and branches are entitled to a preferential income tax rate lower than the 25% statutory corporate income tax rate in the PRC. During the Track Record Period, the amount of income tax expense deduction we enjoyed due to lower tax rate for specific provinces or enacted by local authority was RMB48.9 million, RMB48.5 million, RMB50.4 million and RMB9.3 million and the amount of super deduction for research and development expenses we enjoyed was RMB22.1 million, RMB32.7 million, RMB39.0 million and RMB9.2 million, respectively. For details, see “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Income Tax Expense” and Note 11 to the Accountant’s Report in Appendix I to this Prospectus. Meanwhile, we enjoy financial support received from local governments relating to business operations as an incentive for business

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development. Our government grants were RMB80.8 million, RMB133.8 million, RMB172.1 million and RMB44.9 million, during the Track Record Period, representing 0.6%, 0.7%, 0.7% and 0.7% of our revenue, respectively. In 2020, we also received relief of social security payments relating to the COVID-19 pandemic.

There can be no assurance that the policies on preferential tax treatment or government grants will not change or that any preferential tax treatment or government grants we enjoy or will be entitled to enjoy will not be terminated. If any change or termination of preferential tax treatment or government grants occurs, the increase in our tax charge or any other related tax liabilities or decrease in our other income could adversely affect our results of operations and financial condition.

We may be involved in legal and other disputes and claims or subject to administrative actions from time to time arising out of our operations.

During the Track Record Period, we had been involved in legal and other disputes in our ordinary course of business and in the future, we may, from time to time, be involved in disputes with and subject to claims by property developers, property owners, residents, occupiers, tenants and other corporate and institutional clients to whom we provide property management and other services. Disputes may also arise if our customers are dissatisfied with our services. In addition, customers may take legal action against us if they perceive that our services are inconsistent with the service standards we agreed to. Furthermore, we may from time to time be involved in disputes with and subject to claims by other parties involved in our business, including, among others, our third-party subcontractors, suppliers, employees, business partners, and other third parties. All of these disputes and claims may lead to legal or other proceedings or cause negative publicity against us, thereby resulting in damage to our reputation, substantial costs and diversion of resources and management's attention from our business activities. Any such dispute, claim or proceeding may have a material adverse effect on our business, financial condition and results.

We are also subject to extensive and increasingly stringent environmental protection, health and labor safety laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees. In addition, there is a growing awareness of environmental, health and labor safety issues, and we may sometimes be expected to meet a standard which is higher than the compulsory requirements. There can be no guarantee that more stringent environmental protection, health and labor safety requirements or standards will not be imposed in the future. We cannot assure you that our procedures and training will be effective in satisfying all relevant environmental and safety requirements. If we are unable to comply with existing or future environmental, health and labor safety laws and regulations or are unable to meet public expectations in relation to relevant matters, our reputation may be damaged and we may be required to pay penalties or fines or take remedial actions and our operations may be suspended, any of which may materially and adversely impact our business, financial condition, results of operations and growth prospects of operations.

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We are required to comply with the laws relating to anti-corruption, anti-bribery, anti-money laundering, sanctions and similar legislation, non-compliance with such laws may subject us to administrative, civil and criminal fines and penalties, and be responsible for the incidental consequence, remedial measures and legal costs.

We are required to comply with the laws and regulations relating to anti-corruption, anti-bribery, anti-money laundering, sanction and similar legislation. We implement policies and procedures for the purpose of ensuring the compliance with applicable laws and regulations relating to anti-corruption, anti-bribery, anti-money laundering, sanctions and similar legislation by us and our directors, supervisors, senior management officers, employees, subcontractors, agents, customers or other business partners. However, our policies and procedures may not be sufficient and our directors, supervisors, senior management officers, employees, subcontractors, agents, customers or other business partners may participate in misconduct which may subject us to liabilities. Non-compliance with anti-corruption, anti-bribery, anti-money laundering or sanctions laws and regulations may lead to complaints and us being reported on, negative publicity, investigations and serious administrative, civil and criminal sanctions, and subject us to be held responsible for the incidental consequence, remedial measures and legal costs.

Our residential property service contracts may have been obtained without going through the required tender and bidding process.

Under PRC laws and regulations, residential property developers are typically required to enter into a preliminary property service contract for residential properties with a property management company through a tender and bidding process, except that there are no more than three bidders or the scale of the residential property is relatively small. In that case, the property developers may select the property management enterprise through agreement upon approval by the administrative department of real estate of the people's government of the district or county of the place where the property is located. In addition, a public tender process may also be required under PRC laws and regulations for PRC Government, public institutions and bodies with public fiscal funds to engage property management companies for properties, such as government buildings and public facilities. A residential property developer may be required to take rectification measures within a prescribed period and would be fined if it fails to comply with such tender and bidding requirement under PRC laws for entering into preliminary property service contracts. However, there are no specific laws and regulations, according to the relevant PRC laws and regulations, which set out administrative penalties upon property service providers for failing to enter into preliminary management service contracts through a tender and bidding process. And the lack of such process may lead to the invalidity of the property service contracts, depending on actual situations.

We had a small portion of our preliminary property service contracts as of March 31, 2022 from residential property developers which did not conduct the tender and bidding process under PRC laws and regulations and the compulsory requirement of relevant local authorities. These contracts were all secured before the Track Record Period. For details, see "Business — Community Space Living Consumption Services — Residential Property Services — Our Residential Property Service Agreements — Acquisition of Preliminary Property Service Agreements." Such preliminary property service contracts may be determined to be invalid by

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the local authorities depending on the circumstances of the case. If this occurs, the relevant residential property developer may need to organize a tender and bidding process to select a property management company for its developed projects. If we do not win the tender and bidding, we may not continue our property services for the relevant projects and, as a result, our revenue and business may be adversely affected.

We have a large balance of goodwill and other intangible assets and we may incur significant impairment charges which could materially impact our financial condition and results of operations.

We recorded intangible assets of RMB280.6 million, RMB583.0 million, RMB8,244.1 million and RMB8,379.8 million as of December 31, 2019, 2020, 2021 and March 31, 2022, which primarily represent customer relationships and goodwill resulting from our acquisitions. Our intangible assets significantly increased from RMB583.0 million as of December 31, 2020 to RMB8,244.1 million as of December 31, 2021, primarily due to the acquisition of Bon Property and Yango Intelligent, which resulted in the recognition of goodwill of RMB3,620.0 million and customer relationship valued at RMB4,156.3 million upon completion of the acquisition. Customer relationship acquired in a business combination is recognized at fair value at the acquisition date and amortized over a finite useful life. In 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, the amortization of intangible assets amounted to RMB112.3 million, RMB80.9 million, RMB193.4 million, RMB20.5 million and RMB127.2 million, respectively. Our gross profit and profit for the year/period were negatively impacted by such amortization of intangible assets. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our Group's acquiree over the identifiable net assets acquired and liabilities assumed.

Nevertheless, if we fail to achieve our desired objectives or if any unforeseeable circumstances decrease the expected cash flows from acquired assets, including failure to renew relevant contracts due to factors beyond our control, such as general economic conditions or evolving government regulations, the recoverable amount can be lower than the carrying amount on our consolidated financial statements with respect to such intangible assets. Under such circumstances, we may need to recognize the impairment losses to intangible assets in our consolidated financial statements, which may reduce our assets and materially and adversely affect our financial condition and results of operations.

If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results, meet our reporting obligations or prevent fraud.

We have established an effective system of internal control consisting of the relevant risk management policies and risk control procedures to identify, evaluate and manage risks arising from financial reporting operations. Since our risk management and internal control systems depend on implementation by our employees, we cannot assure you that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human errors or mistakes. Moreover, our growth and expansion may

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affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, we may be unable to accurately report our financial results, meet our reporting obligations or prevent fraud.

Some landlords failed to provide us with relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government.

During the Track Record Period, some of our landlords failed to provide valid title certificates with respect to some of our leased properties in the PRC. For details, see “Business — Properties — Leased Properties.” If our landlords are not the owners or not authorized by the real owners to lease the properties to us, we might need to seek alternative properties and incur additional costs relating to such relocation. Any dispute or claim in relation to the rights to use or lease of the properties occupied by us, including any litigation involving allegations of illegal or unauthorized use of these properties, may require us to relocate our business premises. If any of our leases were terminated as a result of any challenge by third parties or any failures of our landlords to renew the leases or obtain their legal titles or the requisite government approval or consent to lease the relevant properties, we may need to seek alternative premises and incur additional costs for relocation.

During the Track Record Period, some of the lease agreements entered into by us were not registered with the relevant government authorities. For details, see “Business — Properties — Leased Properties.” We may be subject to fines for the failure to register the lease agreements, which could adversely affect our financial condition and results of operations.

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

Our continued success is highly dependent upon the efforts of our senior management and our key employees. If any of our senior management or key employees leaves and we are unable to promptly hire and integrate a qualified replacement, our business, financial condition and results of operations may be materially and adversely affected. For details, see “Directors, Supervisors and Senior Management.” In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all aspects of our business. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial condition and results of operations could be materially and adversely affected.

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

The PRC community space living consumption services market, the commercial and urban space integrated services market and intelligent city tech services market are fragmented and competitive. Our major competitors include national and regional property management companies in the PRC. For details, see “Business — Competition.” Competition may intensify as our competitors expand their service offerings or as new competitors enter our existing or new markets. We believe that we compete with our competitors on a number of factors, including property services project portfolio, diversity of our value-added services, brand recognition, financial resources, price and service quality. Although we currently maintain a leading position in property services in terms of the scope of our project profile and industry experiences, there is no assurance that, in the future, our competitors will not be able to gain competitive edges over financial, technical, sales, marketing and other resources, as well as greater name recognition and larger customer bases, by way of merger and acquisition or other means. As a result, these competitors may be able to devote more resources to development, promotion, sales and support of their services. In addition to competition from established companies, emerging companies may enter our existing or new markets. There can be no assurance that we will be able to continue to compete effectively or maintain or improve our market position, and failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Accidents or injuries suffered by our residents, employees or other personnel at properties under our management may subject us to liabilities.

Accidents or injuries of our residents, employees or other personnel, including subcontracting workers, tenants and consumers of commercial properties, may occur during the course of our business. For example, we provide repair and maintenance services to our customers and managed properties through our own employees or third-party subcontractors. Repair and maintenance services such as for elevators and fire control facilities involve the operation of heavy machinery and, therefore, are subject to risks of work injuries or accidents. There can be no assurance that any such incident or accident, which could result in property damage, personal injury or even death of the residents, property owners, employees or subcontractors, will not occur in the future. In such events, these occurrences could result in damage to, or destruction of, properties of the communities, personal injury or death and legal liability and we may be held liable for the losses. In addition, we are exposed to claims that may arise due to our employees’ or third-party subcontractors’ negligence or recklessness when performing our services. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon the occurrence of accidents. Any of the foregoing could adversely affect our business, financial condition, results of operations and reputation.

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Damage to the common areas of the properties we manage as a result of any natural disasters, intentional or unintentional actions or other events could adversely affect our business, results of operations and financial condition.

The common areas of the properties we manage may be damaged in a variety of ways that are beyond our control, including, but not limited to, natural disasters, as well as intentional or unintentional actions. Where the damage is caused by natural disasters such as earthquakes, floods or typhoons, or accidents or intentional harm such as fires, the damage caused may be extensive. At times, additional resources may have to be allocated to assist police and other governmental authorities in investigating criminal actions that may have been involved.

As a property service provider, we may be viewed as responsible for restoring the common areas and assisting any investigative efforts. If there is any shortfall in the special funds necessary to cover all the costs involved, we may have to compensate for the difference with our own resources first and collect the amount of the shortfall from the property owners later, in particular when the damages are not attributable to defects in construction caused by the property developers. In addition, if there is any difficulty in obtaining the necessary approval from property owners' association, we may have to cover the costs with our own resources and collect the amount later. However, we may face difficulties in collecting such fees from them. To the extent that our attempts are unsuccessful, we may experience material adverse effects on our business, financial condition and results of operations. As we intend to continue growing our business, the likelihood of such occurrences may rise in proportion to any increases in the number of our managed properties. Although none of our assets, business, results of operations and financial condition were materially affected by any natural disasters, intentional or unintentional actions or other events during the Track Record Period and up the Latest Practicable Date, we continue to be exposed to such risks and failure to manage such risks may have a material adverse effect on our business, financial condition and results of operations.

System interruption and security risks, including security breaches and identity theft, may result in reduced use by customers of our relevant mobile apps, and expose us to the risk of litigation, which could adversely affect our financial condition and results of operations and damage our reputation.

We may experience occasional system interruptions, delays or other technical problems that make any of our relevant mobile apps and their services unavailable or difficult to access, and prevent us from promptly responding or providing products or services to our customers, which may reduce the attractiveness of such apps. If we are unable to continue to effectively upgrade our systems and network infrastructure and take other steps to improve the efficiency of our systems, there may be system interruptions or delays which will adversely affect our results of operations. In addition, our services utilizing any mobile app are subject to security risks, including security breaches and identity theft. We must be able to provide secured transmission of confidential information over public networks when providing such services. Any penetration of network security or other misappropriation or misuse of personal information could cause interruptions in the operations of our business and subject us to increased costs, litigation and other liabilities, which could adversely affect our financial condition and results of operations, and damage our reputation.

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We may require additional funding to finance our rapid business development, future mergers and acquisitions, which may not be available on terms acceptable to us or at all, and we may not be able to repay our outstanding debt obligations arising from our operation and investment needs.

To support our rapid business development and future merger and acquisition activities, we need to secure additional funding to finance our future capital expenditures. There can be no assurance that we will be able to secure funding on terms acceptable to us or in a timely manner, or at all. If our internally generated capital resources are insufficient to finance our capital expenditure and growth plans, we may have to seek additional financing from third parties, including banks, joint venture partners and other strategic investors. We may also consider raising funds through the issuance of new Shares, which would lead to the dilution of our existing Shareholders' interests in our Company. If we are unable to obtain financing in a timely manner, at a reasonable cost and on acceptable terms, we may be forced to delay our expansion plans, or downsize or abandon such plans, which may adversely affect our business, financial condition and results of operations, as well as our future prospects.

In addition, we cannot assure you that our operations and investments are able to generate sufficient cash flow to repay outstanding debt obligations when they become due. If adequate funds for repayment are not available from external financing, whether on commercially reasonable terms or at all, we may be forced to delay or abandon expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

We may not be able to recover our deferred tax assets.

As of December 31, 2019, 2020, 2021 and March 31, 2022, our deferred tax assets amounted to RMB12.8 million, RMB17.4 million, RMB56.8 million and RMB85.9 million respectively. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates.

Based on our accounting policies, we recognize deferred tax assets relating to certain temporary differences and tax losses when our management considers it is probable that future taxable profit will be available and as a result, the temporary differences or tax losses can be utilized. The outcome of the actual utilization of such temporary differences or tax losses may be different. If there is a significant adverse change in our performance, some or all of the relevant deferred tax assets may need to be written off and charged to the income statement, which could have an adverse effect on our financial condition. Moreover, utilization of deferred tax assets significantly depends on our management's judgment as to whether sufficient profits or taxable temporary differences will be available in the future.

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The fair value measurement of our financial assets at fair value through profit or loss (“FVPL”), equity investments designated at FVOCI and financial liabilities at fair value through FVPL is subject to valuation uncertainty due to the use of unobservable inputs and the fair value change of such assets and liabilities may materially and adversely affect our results of operations, financial condition and prospects.

We had financial assets at FVPL and financial liabilities at FVPL during the Track Record Period. Certain of our financial assets and financial liabilities are measured at fair value with unobservable inputs used in the valuation techniques that are subject to material changes. In particular, changes in the fair value of financial assets at FVPL and financial liabilities at FVPL are recorded in our consolidated statements of profit or loss, therefore directly affecting our results of operations. In addition, our equity investments designated at fair value through other comprehensive income, which represent our strategic investment in the listed shares of Cushman & Wakefield plc (NYSE: CWK), are subject to inherent risks and uncertainties associated with the stock market. There is no assurance that we will not incur any fair value losses in the future. If we incur significant fair value losses on the financial assets or financial liabilities, our results of operations, financial condition and prospects may be adversely affected.

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

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

As of the Latest Practicable Date, we had been licensed by China Vanke Group and Yango Group to use several of their trademarks for our operation. For details, see “Business — Intellectual Properties.” If the relevant licensor ceases to authorize us to use such trademarks, our business, financial condition and results of operations may be materially and adversely affected. We are also exposed to the risk that a third party may successfully challenge the licensor’s ownership of, or our right to use, the relevant licensed trademarks or if a third party uses such trademarks without authorization.

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

We may be subject to claims from competitors or third parties alleging intellectual property infringement in our ordinary course of business from time to time. During the Track Record Period, and up to the Latest Practicable Date, we have encountered allegations, assertions and negative news in relation to our intellectual property rights. See “Business — Intellectual Properties — Assertion and negative news in relation to our intellectual properties.” We cannot assure you that similar incidents will not happen in the future. Any claims or legal proceedings brought against us in relation to such issues, with or without merit, could result in substantial costs and divert capital resources and management’s attention. In the event of an adverse determination, we may be compelled to pay substantial damages or to seek licenses from third parties and pay ongoing royalties on terms unfavorable to us. In addition, regardless of whether we prevail, intellectual property disputes may damage our brand value and reputation in the eyes of current and potential customers and within our industry. As a result, our business, financial condition and results of operations could be materially and adversely affected.

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

We maintain certain insurance coverage, primarily including property all risks, public liability and machinery breakdown insurances, to cover potential liabilities arising out of our business operations. For details, see “Business — Insurance.” There can be no assurance that our insurance coverage will be sufficient or available to cover damages, liabilities or losses we may incur in the course of our business. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we are held responsible for any such damages, liabilities or losses due to insufficiency or unavailability of insurance, there could be a material adverse effect on our business, financial condition and results of operations.

Negative publicity, including adverse information on the Internet, about us, our Controlling Shareholders and affiliates, our brand, management, business partners and products and services provided by us or marketed on the mobile apps that we operate may have a material adverse effect on our business and reputation.

Negative publicity about us, our Controlling Shareholders and affiliates, our brand, management, business partners and products and services offerings on the mobile apps that we operate may arise from time to time. Negative comments on the properties managed by us, products and services offered on such mobile apps, our business operations and management may appear in Internet postings and other media sources from time to time and there can be no assurance that other types of negative publicity will not arise in the future. For example, disputes with consumers to which we provide services may lead to negative publicity that could adversely affect our reputation. In addition, our business partners, such as third-party service

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providers, on the mobile apps that we operate may also be subject to negative publicity for various reasons, such as customers' complaints about the quality of their products and services or other public relation incidents with respect to such business partners, which may adversely affect the provision of such products or services on the mobile apps that we operate and indirectly affect our reputation. Any such negative publicity, regardless of veracity, may have a material adverse effect on our business and reputation.

We may not be able to detect and prevent fraud or other misconduct committed by third parties in a timely manner.

We are exposed to fraud or other misconduct committed by subcontractors, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. Our information systems and internal control procedures are designed to monitor our operations and overall compliance. However, they may be unable to identify non-compliance and/or suspicious transactions in a timely manner, or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective, and our business, financial condition, results of operations and reputation may suffer as a result.

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

We accept payments via various methods, including but not limited to online payments through third-party platforms such as WeChat Pay and Alipay. Transactions conducted through such third-party platforms involve the transmission of confidential information such as credit card numbers, personal information and billing addresses over public networks. However, we do not have control over the security measures taken by third-party platforms. In the event that the security or integrity of these third-party platforms is compromised, we may experience material adverse effects on our ability to process property service fee. In the event funds paid using these platforms are misappropriated or otherwise do not reach our accounts, for example, in the event of a fraud involving wire transfers from the payment platform, we may bear financial loss which is difficult or impossible to recover from the wrongdoers or other responsible parties. We may also be perceived as partially responsible for failures to secure personal information and be subject to claims alleging liability brought by our customers or investigations investigated by regulatory authorities. Such legal proceedings or investigations may divert our management attention, damage our reputation and harm our brand value. Furthermore, the PRC Government may yet promulgate new laws and policies to regulate the use of third-party online payment platforms, which may increase our compliance and operational costs.

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Our gains on disposal of investment properties were non-recurring in nature and impairment losses for investment properties may adversely affect our financial position.

Our investment properties primarily consist of carpark spaces owned by us, which we purchased from our Controlling Shareholder for resale to ultimate purchasers. During the Track Record Period, our gains on disposal of investment properties amounted to RMB156.3 million, RMB130.7 million, RMB80.9 million and RMB8.7 million, respectively. The decreases in our gains on disposal of investment properties were primarily attributable to the decreasing stock of carpark spaces in line with our business strategy. Such gains are non-recurring in nature, and there is no assurance that we will continue to record the same in the future.

During the Track Record Period, we did not record any impairment losses for investment properties. Impairment loss for a property may arise when its carrying value exceeds its recoverable amount. Market volatility may subject us to risks in connection with possible impairment loss for our investment properties. We cannot assure you that we will not incur any impairment losses for investment properties in the future. If we incur impairment losses or experience increases in impairment losses for investment properties, our results of operation and financial condition may be adversely affected.

Our share-based compensation expenses may negatively impact the value of your investments.

We have adopted an employee stock ownership plan (“ESOP”) to attract and retain talents and to enhance our competitiveness for long-term development. See “History, Development and Corporate Structure — Major Corporate Development — Employee Stock Ownership Plan” for details. Accordingly, we incurred share-based compensation expenses in the amount of RMB35.8 million in 2020. Such expenses were measured based on the fair value of share-based compensation measured at the date of grant under the ESOP. As of the Latest Practicable Date, the aggregate number of Shares underlying the partnership interests in the employee incentive platforms had been granted without vesting condition. See “Appendix VI — Statutory and General Information — 5. Employee Stock Ownership Plan” for details. We may incur such expenses again if we adopt similar employee stock ownership plans in the future, and may experience adverse effects on our results of operations to the extent that such expenses are significant or increase over time.

An occurrence of a natural disaster, an outbreak of a widespread health epidemic or an emergency could have a material adverse effect on our business, financial condition and results of operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic or pandemic, including COVID-19, SARS, H5N1 or H7N9 flu, H1N1 flu, swine influenza, avian influenza and MERS, or other emergencies, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. For details, see “— Our business operations and financial performance have been and may continue to be affected by the

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outbreaks of COVID-19.” The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments in the PRC or elsewhere may severely restrict the level of economic activity in affected areas, and could materially disrupt our business and operations. Such events could also significantly affect our industry and cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic illnesses, since this could require us or our business partners to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, an outbreak of a health epidemic or an emergency harms the global or PRC economy in general. Our operations could also be severely disrupted if our customers were affected by such natural disasters, health epidemics or other emergencies.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in the economic, political and social conditions and government policies in China could affect our business and prospects.

During the Track Record Period, a majority of our revenue was derived from the PRC. Accordingly, our financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, the degree of government involvement, control of investment, level of economic development, growth rate, foreign exchange controls and resource allocation.

Although the PRC economy has transitioned from a planned economy to a more market-oriented economy for about four decades, a substantial portion of productive assets in the PRC is still owned by the PRC Government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. We may not in all cases be able to capitalize on such measures, and we may be adversely affected in some cases.

Governmental control of currency conversion or cross-border remittance may limit our ability to use capital effectively.

The PRC government imposes, in certain cases, controls on the convertibility of Renminbi into foreign currencies and the remittance of currency into or out of China. A majority of our revenue is denominated in Renminbi during the Track Record Period. If the

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foreign exchange or cross-border remittance control system prevents us from obtaining sufficient offshore currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

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

We rely on dividends paid by our subsidiaries, joint ventures and associated companies for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

We conduct our business primarily through our subsidiaries incorporated in the PRC. We also make investments in certain joint ventures and associated companies incorporated in the PRC. We rely on dividends paid by these subsidiaries, joint ventures and associated companies for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our Shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in the PRC is subject to limitations. Payment of dividends is permitted only out of accumulated profits as determined in accordance with accounting standards and regulations in the PRC. Each of our PRC subsidiaries, joint ventures or associated companies is also required to set aside at least 10% of its after-tax profit based on PRC laws and regulations each year to its statutory capital reserves until the aggregate amount of such reserves reaches 50% of its respective registered capital. Our statutory reserves are not distributable as loans, advances or cash dividends. We anticipate that in the foreseeable future our PRC subsidiaries, joint ventures or associated companies will need to continue to set aside 10% of their respective after-tax profits to their statutory reserves. In addition, if any of our PRC subsidiaries, joint ventures or associated companies incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any limitations on the ability of our PRC subsidiaries, joint ventures or associated companies to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

Fluctuation in the value of the Renminbi may have an adverse effect on our business.

The value of the Renminbi against the US dollar, the Hong Kong dollar and other currencies may be affected by changes in the PRC's policies and international economic and political developments. As a result of these and any future changes in currency policy, the

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exchange rate may fluctuate, and the Renminbi may be revalued further, which may result in an appreciation or a depreciation in the value of the Renminbi against the US dollar, the Hong Kong dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars (which are pegged to the US dollar), of our cash flows, revenues, earnings and financials. It is difficult to predict how market forces and the PRC Government's policies will continue to impact the Renminbi exchange rates going forward. In light of the trend towards Renminbi internationalization, the PRC Government may announce further changes to the exchange rate system, and there can be no assurance that the Renminbi will not appreciate or depreciate significantly in value against the US dollar, the Hong Kong dollar or other foreign currencies.

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

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

Non-PRC Resident Holders of H Shares may be subject to PRC taxations.

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

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

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (《財政部 國家稅務總局關於個人所得稅若干政策問題的通知》), income received by individual foreigners from dividends

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

There are uncertainties as to the interpretation and enforcement of the relevant PRC tax laws, regulations and rules, including whether the reductions, exemptions and other beneficial tax treatments mentioned above will be revoked in the future such that all non-PRC resident individual holders of our H Shares will be subject to PRC individual income tax at a flat rate of 20%. There are also uncertainties as to how the PRC tax authorities interpret the relevant PRC tax laws, regulations and rules, such as the taxation of capital gains by non-PRC resident enterprises, individual income tax on dividends paid to non-PRC resident individual holders of our H Shares and on gains realized on sale or other disposition of our H Shares. PRC's tax laws, rules and regulations may also change. Any ambiguities relating to, or any change to, applicable PRC tax laws, regulations and rules as well as their interpretations and enforcement could materially and adversely affect the value of your investment in our H Shares. Our Articles of Association provide that disputes between holders of our H Shares and us, our Directors, Supervisors or senior management, arising out of our Articles of Association, PRC Company Law and applicable regulations concerning our business and activities, are to be resolved through arbitration by the China International Economic and Trade Arbitration Commission (CIETAC) or the Hong Kong International Arbitration Centre (HKIAC). Awards made by the PRC arbitral authorities recognized under the Hong Kong Arbitration Ordinance can be enforced in Hong Kong. Hong Kong arbitral awards are also enforceable in the PRC, subject to the satisfaction of certain PRC legal requirements. However, we are uncertain whether the action brought in the PRC to enforce an arbitral award made in favor of holders of H Shares would succeed.

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

The legal system in the PRC has been rapidly evolving with uncertainties that could limit the legal protection available to our Shareholders. As we conduct almost all of our business operations in the PRC, we are principally governed by PRC laws, rules and regulations. The PRC legal system is based on the civil law system. Unlike the common law system, the civil

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law system is established on the written statutes and their interpretation by the Supreme People's Court (最高人民法院), while prior legal decisions and judgments have limited significance as precedents. Additionally, such PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies for further application and enforcement.

The PRC Government has made significant progress in promulgating laws and regulations related to economic affairs and matters, such as corporate organization and governance, foreign investments, commerce, taxation and trade. However, many of these laws and regulations are relatively new and there is a limited volume of published decisions. Therefore, there are uncertainties involved in their implementation and interpretation, which might not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have retroactive effect. Consequently, we may not be aware of any violation of these policies and rules until some time after such violation has occurred. Furthermore, the legal protection available to you under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and could result in substantial costs and diversion of resources and management's attention.

It may be difficult to effect service of process on our Directors or executive officers who reside in the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts.

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

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

Interest rate increases by the PBOC, or market disruptions such as those experienced in the United States, European Union and other countries or regions, may increase our cost of borrowing or adversely affect our ability to access sources of liquidity upon which we may rely to finance our operations and satisfy our obligations as they become due. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges. Any failure of accessing sources of liquidity at reasonable costs to finance our operations or meet our obligations may materially and adversely affect our business, prospects, financial condition and results of operations.

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RISKS RELATING TO THE SPIN-OFF AND THE GLOBAL OFFERING

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the Offer Price of our H Shares is higher than the net tangible book value per Share of our H Shares immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering will experience an immediate dilution. In addition, if we issue additional Shares in the future, purchasers of our H Shares in the Global Offering may experience further dilution in their shareholding percentage.

There is no existing public market for our Shares and their liquidity and market price may fluctuate.

Prior to completion of the Global Offering, there has been no public market for our H Shares. There can be no assurance that an active trading market for our H Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations among our Company and the Joint Representatives (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our H Shares will be traded following completion of the Global Offering. The market price of our H Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading price and liquidity of the H Shares may be volatile, which could result in substantial losses to you.

The trading price and volume of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price and trading volumes of our H Shares. A number of PRC-based companies have listed their securities in Hong Kong, some of which have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. These broad market and industry factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

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Future sales or perceived sales of substantial amounts of our Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of substantial future sales of our H Shares or other securities relating to Shares in the public market. Such a decline could also occur with the issuance of new H Shares or other securities relating to our H Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our H Shares could materially adversely affect the prevailing market price of our H Shares and our ability to raise future capital at a favorable time and price. Our Shareholders would experience a dilution in their holdings upon the issuance or sale of additional securities for any purpose.

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

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholders will have, and will continue to have, substantial influence over their interests in the issued share capital of our Company. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders, through their subsidiaries, joint ventures and associated companies, are also interested in businesses which may be considered as having a similar nature to that of the businesses of our Group, being logistics and warehousing ancillary management services, commercial operational services and commercial property services. For details, see “Relationship with Our Controlling Shareholders.” Our Controlling Shareholders will have significant influence on the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent changes in control of the Company that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

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

During the Track Record Period, our Company declared dividends of RMB247.1 million, RMB317.7 million, RMB3,537.0 million and nil, respectively. The amount of dividends actually distributed to our Shareholders after the Listing will depend upon our earnings and financials condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. For details, see “Financial Information — Dividend Policy.” There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. Our historical dividend policy should not be taken as indicative of our dividend policy in the future.

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There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various independent third-party sources, including the industry expert reports, contained in this Prospectus.

This Prospectus, particularly the sections headed “Business” and “Industry Overview,” contains information and statistics relating to the community space living consumption services market, the commercial and urban space integrated services market and intelligent city tech services market. Such information and statistics have been derived from a third-party report commissioned by us and publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information and statistics from official government sources have not been independently verified by us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this Prospectus being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

You should read the entire Prospectus carefully and should not rely on any information contained in press articles or other media regarding us, the Spin-off and the Global Offering.

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

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

This Prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Prospectus, the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Prospectus. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Hong Kong Stock Exchange, we do not intend to publicly update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

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

The Offer Price of our H Shares will be determined on the Price Determination Date, which is expected to be on or around Thursday, September 22, 2022, but in any event not later than Wednesday, September 28, 2022. However, our H Shares will not commence trading on the Hong Kong Stock Exchange until the Listing Date, which is expected to be Thursday, September 29, 2022. Accordingly, investors may not be able to sell or otherwise deal in our H Shares during the period between the Price Determination Date and the Listing Date. Our Shareholders are subject to the risk that the price of our H Shares could fall before trading begins, as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the Listing Date.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors (including any proposed director who is named as such in this Prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information to the public with regard to the Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

CSRC APPROVAL

The CSRC issued a letter of acceptance on March 30, 2022 and an approval letter on July 11, 2022 for the Global Offering and the making of the application to list our H Shares on the Stock Exchange. In granting such approval, the CSRC accepts no responsibility for the financial soundness of us or for the accuracy of any of the statements made or opinions expressed in this Prospectus.

INFORMATION ON THE GLOBAL OFFERING

This Prospectus is published solely in connection with the Hong Kong Public Offering and the Preferential Offering which forms part of the Global Offering. For applications under the Hong Kong Public Offering, this Prospectus contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 11,671,400 Offer Shares and the International Offering of initially 105,042,600 Offer Shares, including 11,671,400 Reserved Shares under the Preferential Offering (subject to, in each case, reallocation on the basis as set out in the section headed “Structure of the Global Offering” in this Prospectus) and, in case of the International Offering, any exercise of the Over-allotment Option.

The Hong Kong Offer Shares and Reserved Shares are offered solely on the basis of the information contained and representations made in this Prospectus and on the terms and subject to the conditions set out herein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering. Neither the delivery of this Prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this Prospectus or imply that the information contained in this Prospectus is correct as of any date subsequent to the date of this Prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

For details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilization, see “Structure of the Global Offering.”

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set forth in “How to Apply for Hong Kong Offer Shares and Reserved Shares” in this Prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his or her acquisition of Hong Kong Offer Shares to, confirm that he or she is aware of the restrictions on the offer and sales of the Hong Kong Offer Shares described in this Prospectus.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this Prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered and sold, directly or indirectly, in the PRC.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Representatives. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters, subject to the agreement on the Offer Price between the Joint Representatives (for themselves and on behalf of the Underwriters) and us. For further details on the Underwriters and the underwriting arrangements, see “Underwriting.”

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the grant of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option). Dealings in the H Shares on the Stock Exchange are expected to commence on Thursday, September 29, 2022. Except as otherwise disclosed in this Prospectus, no part of our H Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares be issued by us pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for the H Shares to be admitted in to CCASS.

H SHARE REGISTRAR AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Tricor Investor Services Limited. Our register of members will also be maintained by us at our headquarters in the PRC.

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

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

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

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Special Regulations and our Articles of Association;
- agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences, disputes and claims concerning our affairs and arising from any rights or obligations conferred or imposed by our Articles of Association, the PRC Company Law or other relevant laws, rules and regulations to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his behalf with each of our Directors, Supervisors, senior officers whereby such Directors, Supervisors, senior officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates (as defined in the Hong Kong Listing Rules) of any of the Directors, Supervisors or an existing Shareholder of the Company or a nominee of any of the foregoing.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our H Shares. None of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, our H Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

LANGUAGE

If there is any inconsistency between this Prospectus and the Chinese translation of this Prospectus, this Prospectus shall prevail. However, the names of the Chinese laws and regulations, government authorities, institutions, certificates, titles, natural persons, other entities (including certain of our subsidiaries) and the like are translation of their Chinese names and are included for identification purposes here. If there is any inconsistency, the Chinese names shall prevail.

ROUNDING

Certain amounts and percentages figures included in this Prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies between totals and sums of amounts listed in any table are due to rounding.

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

Unless otherwise specified, this Prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK\$1.00 to RMB0.88031, Renminbi into U.S. dollars at the rate of US\$1.00 to RMB6.9098 and Hong Kong dollars into U.S. dollars at the rate of US\$1.00 to HK\$7.8493. The RMB to HK\$ and US\$ to RMB exchange rates are quoted by the PBOC for foreign exchange transactions prevailing on September 9, 2022.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. The management, principal business and operations and assets of our Company are primarily located outside Hong Kong. The principal management headquarters of our Group are primarily based in the PRC. None of the executive Directors is a Hong Kong permanent resident or is ordinarily based in Hong Kong. As a result, our Company does not, and will not, in the foreseeable future, have sufficient management presence in Hong Kong as required under Rules 8.12 and 19A.15 of the Listing Rules. Furthermore, it would be impractical and commercially unnecessary for our Company to appoint additional executive Directors who are ordinarily resident in Hong Kong or to relocate the existing PRC based executive Directors to Hong Kong. Accordingly, our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules on the condition of the following arrangements for maintaining regular communication with the Stock Exchange:

- (i) Our Company has appointed two authorized representatives (the “**Authorized Representatives**”) pursuant to Rule 3.05 of the Listing Rules, who will act as our Company’s principal channel of communication with the Stock Exchange. The Authorized Representatives are Mr. Zhu Baoquan, our chairman of the Board, an executive Director and general manager of our Company, and Mr. Huang Min (“**Mr. Huang**”), our joint company secretary. Although Mr. Zhu Baoquan and Mr. Huang Min reside in the PRC, they possess valid travel documents and are able to renew such travel documents upon expiry to travel to Hong Kong. In addition, we have also appointed Ms. Ng Wai Kam (“**Ms. Ng**”), our joint company secretary who is ordinarily resident in Hong Kong, as an alternate authorized representative. Each of the Authorized Representatives and the alternate authorized representative will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and/or email. Each of our Authorized Representatives and the alternate authorized representative is authorized to communicate on our behalf with the Stock Exchange.
- (ii) Each of the Authorized Representatives has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. Each Director has provided, where available, his or her respective office phone numbers, mobile phone numbers and email addresses to the Authorized Representatives, the alternate authorized representative and the Stock Exchange.
- (iii) Our Directors, who are not ordinarily resident in Hong Kong, have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and are able to meet with the Stock Exchange within a reasonable period of time.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (iv) Our Company has appointed Altus Capital Limited as its compliance adviser (the “**Compliance Adviser**”) pursuant to Rule 3A.19 of the Listing Rules to act as an additional channel of communication with the Stock Exchange for a period commencing from the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The Compliance Adviser will advise our Company on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after Listing and have full access at all time to the Authorized Representatives and the Directors.
- (v) Any meeting between the Stock Exchange and our Directors will be arranged through the Authorized Representatives or the Compliance Adviser or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any changes in the Authorized Representatives and the Compliance Adviser.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, our Company must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. Pursuant to Rule 3.28 of the Listing Rules, our Company must appoint as its company secretary an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (i) a member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In assessing “relevant experience”, the Stock Exchange will consider the followings of the individual:

- (i) length of employment with the issuer and other issuers and the roles he or she played;
- (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Huang and Ms. Ng as the joint company secretaries on March 1, 2022. Mr. Huang joined our Group in June 2014 and is currently a partner of the planning and development department of our Company and primarily responsible for strategy research, strategy operation management and investor relations related affairs. As Mr. Huang does not possess the requisite qualifications as required by Rule 3.28 of the Listing Rules, our Company has appointed Ms. Ng, who is a Hong Kong resident and possesses the qualification and relevant experience as stipulated under Rule 3.28 of the Listing Rules, to be a joint company secretary of our Company. For more details of the biography of Mr. Huang and Ms. Ng, see the section headed “Directors, Supervisors and Senior Management — Joint Company Secretaries” in this Prospectus.

Given the important role of the company secretary in the corporate governance of a listed issuer, particularly in assisting the listed issuer as well as its directors in complying with the Listing Rules and other relevant laws and regulations, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the basis of the proposed arrangements below:

- (i) Ms. Ng, one of the joint company secretaries of our Company who satisfies the requirements under Rule 3.28 of the Listing Rules, will assist Mr. Huang so as to enable him to discharge his duties and responsibilities as a joint company secretary of our Company. Given Ms. Ng’s relevant experiences, she will be able to advise both Mr. Huang and our Company on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong.
- (ii) Our Company undertakes to re-apply to the Stock Exchange in the event that Ms. Ng ceases to meet the requirements under Rule 3.28 of the Listing Rules or otherwise ceases to serve as a joint company secretary.
- (iii) Ms. Ng will communicate with Mr. Huang on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to the operations and affairs of our Company. Ms. Ng will work closely with, and provide assistance to Mr. Huang with a view to discharging his duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders’ general meetings.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (iv) Pursuant to Rule 3.29 of the Listing Rules, Ms. Ng and Mr. Huang will also attend each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Ms. Ng and Mr. Huang will be advised by the legal advisers of our Company as to Hong Kong laws and the compliance advisers of our Company as and when appropriate and required.
- (v) Our Company will ensure that Mr. Huang has access to the relevant trainings and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of a Hong Kong listed company, and Mr. Huang will endeavor to attend such training.
- (vi) Our Company has appointed Altus Capital Limited as its compliance advisor pursuant to Rule 3A.19 of the Listing Rules which will act as the additional communication channel with the Stock Exchange (for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the Listing Date, or until the engagement is terminated, whichever is earlier) and provide professional guidance and advice to our Company and Mr. Huang as to the compliance with the Listing Rules and all other applicable laws and regulations.

The waiver is valid for an initial period of three years commencing from the Listing, and will be revoked immediately if Ms. Ng ceases to provide assistance and guidance to Mr. Huang, or if there are material breaches of the Listing Rules by our Company. Prior to the expiry of the initial three-year period, our Company will re-evaluate the qualifications and experiences of Mr. Huang and liaise with the Stock Exchange to revisit the situation in the expectation that we should then be able to demonstrate to the Stock Exchange's satisfaction that Mr. Huang, having had the benefit of Ms. Ng's assistance for three years, would then have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules such that a further waiver would not be necessary.

WAIVER IN RELATION TO DISCLOSURE REQUIREMENTS WITH RESPECT TO CHANGES IN SHARE CAPITAL

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of paragraph 26 of Part A of Appendix 1 to the Listing Rules in respect of disclosing the particulars of any alterations in the capital of any member of the Group within the two years immediately preceding the issue of this Prospectus.

As of March 31, 2022, our Group was comprised of over 400 subsidiaries, most of which were established and operated in the PRC, located across more than 60 cities. Amongst all our subsidiaries, we consider that our track record results were mainly attributable to 14 principal subsidiaries (collectively, the “**Principal Subsidiaries**”) as further described in the section headed “History, Development and Corporate Structure — Major Corporate Development —

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Our Principal Subsidiaries” of this Prospectus. During the financial years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, our Principal Subsidiaries accounted for (i) more than 62%, 59%, 60% and 56% of our total revenue; (ii) more than 74%, 70%, 62% and 79% of our net profits; and (iii) more than 44%, 48%, 39% and 54% of our total assets, as of December 31, 2019, 2020, 2021 and March 31, 2022, respectively. The remaining subsidiaries of our Company are located across more than 60 cities in the PRC, a vast majority of which accounted for less than 1.00% of our total revenue and less than 1.00% of our net profits during each of the three financial years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022. Accordingly, the remaining subsidiaries of our Company are considered insignificant to the overall results of our Group. Further, substantially all of the Principal Subsidiaries are in possession of assets, intellectual property rights or other R&D functions that we consider material to us. None of the non-Principal Subsidiaries accounted for more than 5% of the Group’s total revenue, profit or total assets for each relevant period during the Track Record Period, or are in possession of assets, intellectual property rights or other R&D functions that are material to the Group during the Track Record Period. It would be unduly burdensome on us if we were required to comply strictly with the requirements of paragraph 26 of Part A of Appendix 1 to the Listing Rules as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to investors.

Particulars of the changes in the share capital of our Company and the Principal Subsidiaries within the two years immediately preceding the issue of this Prospectus are disclosed in the section headed “Statutory and General Information — 1. Further Information about our Group — B. Changes in the Share Capital of Our Company” and “Statutory and General Information — 1. Further Information about Our Group — C. Changes in the Registered Capital of Our Principal Subsidiaries” in Appendix VI to this Prospectus. Further, all major shareholding changes of our Company have been disclosed in the section headed “History, Development and Corporate Structure — Major Corporate Development — Our Company” in this Prospectus.

WAIVER IN RELATION TO POST-TRACK RECORD PERIOD ACQUISITIONS

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, a new listing applicant is required to include in its accountants’ report in the listing document the results and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the listing applicant have been made up in respect of each of the three financial years immediately preceding the issue of the listing document, or since the incorporation of such subsidiary or the commencement of such business if this occurred less than three years prior to such issue, or such shorter period as may be acceptable to the Stock Exchange.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Acquisition of Jinan Furen

Pursuant to a capital increase agreement dated March 21, 2022 and entered into between, among others, our Company and Jinan Xicheng Real Estate Co., Ltd. (濟南西城置業有限公司) (“**Jinan Xicheng**”), an Independent Third Party, we agreed to subscribe for additional registered capital in Jinan Furen Real Estate Co., Ltd. (濟南福仁置業有限公司) (“**Jinan Furen**”) for an aggregate cash consideration of approximately RMB38.1 million. The consideration was determined with reference to the valuation of Jinan Furen and has been settled.

Jinan Furen is a limited liability company which was established in the PRC on August 24, 2015 and primarily engaged in urban development and provision of property services. Upon completion of the increase of registered capital in Jinan Furen, we would hold 49% equity interest in Jinan Furen and the remaining equity interest would be held by Jinan Xicheng. Based on the unaudited management accounts of Jinan Furen, (a) the total assets amounted to RMB70 million as of December 31, 2021 and its net loss amounted to RMB3.2 million; (b) the total assets amounted to RMB35 million as of December 31, 2020 and its profit before tax and profit after tax amounted to RMB0.06 million and RMB0.05 million for the year ended December 31, 2020 respectively.

Acquisition of Lianmei Wanyu

Pursuant to a capital increase agreement dated March 30, 2022 and entered into between, among others, our subsidiary, Shenzhen Yuying, and Fujian Lianmei Construction Group Co., Ltd. (福建聯美建設集團有限公司) (“**Fujian Lianmei**”), an Independent Third Party, we agreed to subscribe for additional registered capital in Xiamen Lianmei Wanyu Property Services Co., Ltd. (廈門聯美萬譽物業服務有限公司) (“**Lianmei Wanyu**”) from 49% to 51% for an aggregate cash consideration of approximately RMB1.1 million. The consideration was determined with reference to the valuation of Lianmei Wanyu.

Lianmei Wanyu is a limited liability company which was established in the PRC on June 15, 2013 and primarily engaged in the provision of property services. Upon completion of the increase of registered capital in Lianmei Wanyu, the remaining 49% equity interest would be held by Fujian Lianmei. Based on the audited financial statements of Lianmei Wanyu, (a) the total assets amounted to RMB3.9 million as of December 31, 2021 and its net loss amounted to RMB0.1 million for the year ended December 31, 2021; (b) the total assets amounted to RMB4.0 million as of December 31, 2020 and both of its profit before tax and profit after tax amounted to RMB0.3 million for the year ended December 31, 2020.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Acquisition of Guilin Hengrun

Pursuant to an equity transfer agreement dated May 28, 2022 (the “**Hengrun Agreement**”) and entered into between, our subsidiary, Shenzhen Yuying, Gao Zhongpeng (高忠鵬), Yu Xiangyang (于向陽) and Sun Liping (孫利萍), each an Independent Third Party (collectively, the “**Transferors**”). The Transferors agreed to transfer their equity interest, representing the entire equity interest in Guilin Hengrun Property Services Co., Ltd. (桂林市恒潤物業服務有限公司) (“**Guilin Hengrun**”), to Shenzhen Yuying for an aggregate cash consideration of RMB5 million. The consideration was determined based on arm’s length negotiation between the parties and the consideration shall be paid by installment subject to satisfaction of relevant pre-conditions provided under the Hengrun Agreement.

Guilin Hengrun is a limited liability company which was established in the PRC on March 12, 2008 and primarily engaged in the provision of property services. Upon completion of the transfer, Guilin Hengrun shall become our subsidiary. Based on the unaudited management accounts of Guilin Hengrun, (a) the total assets amounted to RMB8.6 million as of December 31, 2021 and both of its profit before tax and profit after tax amounted to RMB11.1 million for the year ended December 31, 2021; (b) the total assets amounted to RMB7.9 million as of December 31, 2020 and its net loss amounted to RMB5.2 million for the year ended December 31, 2020.

Acquisition of Shouwan Yuye

Pursuant to an equity transfer agreement dated April 27, 2022 and its supplemental agreements dated April 27, 2022 and May 9, 2022 entered into between our subsidiary, Shenzhen Yuying, and Beijing Capital Land Ltd. (首創置業有限公司), an Independent Third Party, through quotation on China Beijing Equity Exchange (北京產權交易所), we acquired 51% equity interest in Shouwan Yuye (Shanghai) Property Services Co., Ltd. (首萬譽業(上海)物業服務有限公司) (“**Shouwan Yuye**”) from Beijing Capital Land Ltd. for an aggregate consideration of approximately RMB247.3 million. The consideration was determined with reference to the valuation of Shouwan Yuye performed by an independent valuer. An aggregate of RMB74 million had been paid as deposit and the remainder of consideration had been settled in cash upon completion.

Prior to this acquisition, we owned 49% equity interest of Shouwan Yuye and subsequent to this acquisition, Shouwan Yuye has become our wholly-owned subsidiary. Shouwan Yuye is a limited liability company which was established in the PRC on August 18, 2015 and primarily engaged in the provision of property services. Beijing Capital Land Ltd. is currently a limited liability company which was established in the PRC on December 5, 2002, being a leading integrated real estate developer in the PRC.

Based on the unaudited management accounts of Shouwan Yuye, the total assets amounted to RMB307.7 million as of December 31, 2021 and its loss before tax and loss after tax amounted to RMB17.1 million and RMB16.7 million, respectively, for the year ended December 31, 2021. Based on the audited financial statements of Shouwan Yuye, the total assets amounted to RMB302.1 million as of December 31, 2020 and its profit before tax and profit after tax amounted to RMB51.0 million and RMB44.9 million, respectively, for the year ended December 31, 2020.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Acquisition of Green Castle

Pursuant to an investment framework agreement dated May 27, 2022 entered into between, among others, our Company, Shenzhen Onewo Storage Warehousing Co., Ltd. (深圳市萬物倉倉儲有限公司) (our then wholly-owned subsidiary) (“**Shenzhen Onewo Storage**”) and Green Castle Investment Limited (an Independent Third Party) (“**Green Castle**”), (i) our Company agreed to transfer the entire equity interest in Shenzhen Onewo Storage to a designated subsidiary of Green Castle for a nominal consideration of RMB1; and (ii) Green Castle agreed to issue consideration shares to a designated entity of our Company for a nominal consideration of USD1 (together, the “**Transaction**”). The consideration above was determined based on arm’s length negotiation between the parties. It is anticipated that immediately upon the completion of the Transaction, (i) our Group shall hold 49.64% of interests in Green Castle; (ii) Shenzhen Onewo Storage shall become wholly owned by Shenzhen King Kong Mini Storage Limited (深圳金剛迷你倉儲有限公司), a wholly-owned subsidiary of Green Castle; and (iii) Shenzhen Onewo Storage will no longer be accounted as our subsidiary. Pursuant to the investment framework agreement, Green Castle would conduct further issuance of shares to its other investors and its management team subsequent to the Transaction and upon completion of which, our Group shall hold 40.14% of interests in Green Castle and we do not control its board of directors.

Green Castle is a company incorporated in the British Virgin Islands on May 8, 2017 and primarily engaged in investment holding whereas King Kong Mini Storage is a brand of Green Castle primarily focusing on the provision of smart self-storage solutions to corporates, families and individuals through internet of things. Based on the unaudited management accounts of Green Castle, (a) the total assets amounted to RMB5.6 million as of December 31, 2021 and its net loss amounted to RMB3.3 million for the year ended December 31, 2021; and (b) the total assets amounted to RMB5.8 million as of December 31, 2020 and net loss amounted to RMB2.9 million for the year ended December 31, 2020.

Acquisition of Fuzhou Binhai

Pursuant to an equity transfer agreement dated June 22, 2022 (the “**Binhai Agreement**”) and entered into between, among others, our subsidiary, Shenzhen Yuying, and Fujian Zhengyang Materials Co., Ltd. (福建正陽物資有限公司) (“**Fujian Zhengyang**”), an Independent Third Party, Fujian Zhengyang agreed to transfer its 51% equity interest in Fuzhou Binhai Property Management Co., Ltd. (福州濱海物業管理有限公司) (“**Fuzhou Binhai**”) to Shenzhen Yuying for an aggregate cash consideration of RMB11 million. The consideration was determined based on arm’s length negotiation between the parties. The transfer of shares of Fuzhou Binhai was completed on August 9, 2022 and the consideration shall be paid by installment subject to satisfaction of relevant pre conditions provided under the Binhai Agreement.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Fuzhou Binhai is a limited liability company which was established in the PRC on June 25, 2004 and primarily engaged in the provision of property services. Fujian Zhengyang is a limited liability company which was established in the PRC on January 22, 2010 and engaged in goods including cement, petroleum, metal and plastics. The remaining 49% equity interest of Fuzhou Binhai were held by two Independent Third Parties, Li Shouteng (李守騰) and Chen Meiling (陳美玲), for 26.95% and 22.05% respectively. Based on the unaudited management accounts of Fuzhou Binhai, (a) the total assets amounted to RMB9.8 million as of December 31, 2021 and both of its profit before tax and profit after tax amounted to RMB2.2 million for the year ended December 31, 2021; (b) the total assets amounted to RMB2.1 million as of December 31, 2020 and both of its profit before tax and profit after tax amounted to RMB8.6 million for the year ended December 31, 2020.

Reasons for and Benefits of the Acquisitions

We believe the terms of the acquisitions of Jinan Furen, Lianmei Wanyu, Guilin Hengrun, Shouwan Yuye, Green Castle and Fuzhou Binhai (together, the “**Acquisitions**”) are fair and reasonable and in the interests of our Shareholders as a whole. It is one of our business strategies to enhance the breadth of our community space living consumption services and commercial and urban space integrated services by proactively pursuing strategic investment or acquisition opportunities in connection with upstream and downstream service providers along the industry chain. See “Business — Our Strategies — Continue to expand our service offerings by virtue of being customer centric” for further details. The acquisitions of Lianmei Wanyu, Guilin Hengrun, Shouwan Yuye and Fuzhou Binhai would further expand the market share of our principal business in PRC cities where we have operations while the acquisition of interest in Jinan Furen and Green Castle would enable us to strengthen our urban space integrated service and value-added service offerings.

Application for waiver

Pursuant to Note 4 of Rule 4.04(4)(b) of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules based on the following grounds:

- (i) **Immateriality of target companies** – the scale of businesses operated by Jinan Furen, Lianmei Wanyu, Guilin Hengrun, Shouwan Yuye, Green Castle and Fuzhou Binhai (collectively, the “**Target Companies**”) as compared to that of our Group is not material. The applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for each of the Acquisitions are significantly less than 5% by reference to the financials of our Company in the most recent audited financial year. Further, the Acquisitions are not, either on a standalone or an aggregated basis, significant to the extent requiring the preparation of pro-forma accounts under Rule 4.28 of the Listing Rules. Accordingly, notwithstanding that the Acquisitions represent suitable strategic acquisition opportunities to our Group, they had not materially affected the financial condition of our Group.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (ii) *Undue burden to obtain and prepare audited historical financial information* – given (a) the acquisitions of Shouwan Yuye, Fuzhou Binhai and Green Castle were completed recently in the second and third quarter of 2022 and; (b) the remaining acquisitions have not been completed as of the Latest Practicable Date. Therefore, it will require considerable time and resources for our Company and the Reporting Accountants to familiarize with the accounting policies of the Target Companies and compile the necessary historical financial information and audit evidence for the inclusion of audited financial information of the Target Companies into this Prospectus. Accordingly, having considered the immateriality of the Target Companies as well as the additional time and resources required, we are of the view that it would be unduly burdensome for our Company to obtain, compile and audit the historical financial information of the Target Companies in conformity with our accounting policies within the short timeframe between the completion of the Acquisitions and the Listing.
- (iii) *Alternative disclosure* – with a view to allowing the potential investors to understand the Acquisitions in greater details, we have included in this Prospectus the following information regarding the Acquisitions, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including: (a) description of the principal business activities of the Target Companies; (b) confirmation that each of the counterparties is an Independent Third Party; (c) the date of the Acquisitions; (d) the consideration of the Acquisitions and the basis upon which the consideration was determined; (e) how the consideration is to be satisfied and the payment terms; and (f) the reasons for the Acquisitions and the benefits which are expected to accrue to our Group as a result of the Acquisitions.

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions with our connected persons which will constitute non-exempt continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon the Listing.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, please refer to the section headed “Connected Transactions” in this Prospectus.

WAIVER IN RESPECT OF PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) of the Listing Rules provides that there must be an open market in the securities for which listing is sought. It normally means that the minimum public float of a listed issuer must at all times be at least 25% of the issuer’s total issued share capital. Rule 8.08(1)(b) of the Listing Rules provides that where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

listing must be at least 25% of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares, having an expected market capitalization at the time of listing of not less than HK\$125,000,000.

We have applied to the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules to grant, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules so that the minimum percentage of our Shares from time to time held by the public will be the higher of (a) 10.0%; and (b) such percentage of H Shares to be held by the public after the exercise of the Over-allotment Option, of the enlarged issued share capital of the Company, subject to our confirmation that we:

- (i) will disclose such lower percentage of the public float in this Prospectus;
- (ii) will announce the percentage of H Shares held by the public immediately after the completion of the Global Offering (before any exercise of the Over-allotment Option) and upon any exercise of the Over-allotment Option, such that the public will be informed of the minimum public float requirement applicable to the Company;
- (iii) will increase the public float percentage to approximately 17.7% through applying for H share full circulation to convert certain Domestic shares and Unlisted Foreign Shares into H shares, completion of which is subject to CSRC's approval, within a period of one year from the Listing Date and make appropriate announcement and/or disclosure after the Listing pursuant to the Listing Rules in respect of such conversion of Domestic Shares and Unlisted Foreign Shares into H Shares;
- (iv) will ensure an open market in the H Shares, and the number of H Shares to be held by the public and their distribution would enable the market to operate properly with a lower percentage;
- (v) will confirm the sufficiency of public float in successive annual reports after the Listing;
- (vi) will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum 10.0% public float of H Shares (or such higher percentage upon the completion of any exercise of the Over-allotment Option); and
- (vii) in the event that the public float percentage falls below the minimum percentage prescribed by the Stock Exchange, the Directors will take appropriate steps to ensure the minimum percentage of public float prescribed by the Stock Exchange is complied with.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

ALLOCATION OF H SHARES TO CORNERSTONE INVESTORS WHO ARE CONNECTED WITH ONE OF THE UNDERWRITERS

Paragraph 5(1) of Appendix 6 to the Listing Rules provides that, without the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to “connected clients” of the lead broker or of any distributors.

Paragraph 13(7) of the Appendix 6 to the Listing Rules states that “connected client” in relation to an exchange participant means any client which is a member of the same group of companies as such exchange participant.

Paragraph 2.2 of Guidance Letter HKEx-GL85-16 states that “connected clients” are permitted to participate as cornerstone investors in initial public offerings subject to certain conditions set out therein.

As part of the Global Offering, China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司) (“**Mixed-ownership Reform Fund**”), as the cornerstone investor, has entered into a cornerstone investment agreement to subscribe for certain number of the Shares (“**Investor Shares**”), details of which are set out in the section headed “Cornerstone Investors” of the Prospectus.

For the purpose of the subscription, Mixed-ownership Reform Fund has engaged ICBC Credit Suisse Asset Management Co., Ltd. (“**ICBCCS**”), a qualified domestic institutional investor licensed by the China Securities Regulatory Commission, to subscribe for and hold the Investor Shares on a discretionary basis on its behalf. ICBC International Capital Limited (“**ICBCI Capital**”) is one of the Joint Global Coordinators and Joint Bookrunners, and ICBC International Securities Limited (“**ICBCI Securities**”, together with ICBCI Capital, the “**Connected Distributor**”) is one of the Joint Lead Managers and Underwriters, in the Global Offering. ICBCCS is owned by Industrial and Commercial Bank of China Limited (“**ICBC**”) as to 80%, and each of the Connected Distributor is indirectly wholly-owned by ICBC. ICBCCS is in the same group of companies as the Connected Distributor and is therefore a “connected client” of each of the Connected Distributor under paragraph 13(7) of the Placing Guidelines.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit Mixed-ownership Reform Fund to participate in the Global Offering as a cornerstone investor subject to the following conditions:

- (i) the Offer Shares allocated to ICBCCS will be held on behalf of Mixed-ownership Reform Fund, which is an independent third party;
- (ii) ICBCCS has not received and will not received any preferential treatment in the IPO allocation as a cornerstone investor (on behalf of Mixed-ownership Reform Fund) by virtue of its relationship with the Connected Distributor other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in HKEx-GL51-13;
- (iii) the cornerstone investment agreement with Mixed-ownership Reform Fund does not contain any material terms which are more favourable to Mixed-ownership Reform Fund or ICBCCS than those in other cornerstone investment agreements;
- (iv) the Connected Distributor have not participated, and will not participate, in the decision-making process or relevant discussions among the Company, the bookrunners and the underwriters as to whether Offer Shares will be allocated to ICBCCS (on behalf of Mixed-ownership Reform Fund as a cornerstone investor);
- (v) each of the Joint Sponsors, the Company, the Joint Bookrunners, the Connected Distributor, ICBCCS as the connected client and the Joint Bookrunners will provide the Stock Exchange written confirmations in accordance with HKEx-GL85-16;
- (vi) details of the application of this consent will be disclosed in the Prospectus; and
- (vii) details of the allocation will be disclosed in the Prospectus and the allotment results announcement.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zhu Baoquan (朱保全)	Flat 28B, Baihe Ge Baihua Yuan No. 2 Baihua 2nd Road Futian District, Shenzhen PRC	Chinese
Mr. He Shuhua (何曙華)	Room 1006, Building 4 Qianhai Times Square Nanshan District, Shenzhen PRC	Chinese
Non-executive Directors		
Mr. Wang Wenjin (王文金)	Flat 212, Block 85 Yuanling Xincun Futian District, Shenzhen PRC	Chinese
Mr. Zhang Xu (張旭)	No. 291, Lane 1010 Mingzhong Road Songjiang District Shanghai PRC	Chinese
Mr. Sun Jia (孫嘉)	Flat 3802, Building 9 Vanke Zhenshan Residence Antuoshan Sixth Road Futian District, Shenzhen PRC	Chinese
Mr. Zhou Qi (周奇)	T7, MOMA No. 1 Xiangheyuan Road Dongcheng District, Beijing PRC	Chinese (Hong Kong)
Mr. Yao Jinbo (姚勁波)	Building 101, No. 10 Jiuxianqiao North Road Jia Chaoyang District, Beijing PRC	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
Independent non-executive Directors		
Ms. Law Elizabeth (羅君美)	Flat D1, 4th Floor, Block D Wisdom Court 5 Hatton Road Hong Kong	Chinese (Hong Kong)
Mr. Chen Yuyu (陳玉宇)	Unit 3-1-702 1 Xindian Street Chaoyang District, Beijing PRC	Chinese
Mr. Shen Haipeng (沈海鵬)	Flat 10, 5/F, Block 1 140 Pokfulam Road Hong Kong	Chinese (Hong Kong)
Mr. Song Yunfeng (宋雲鋒)	Flat 603, Block 10 B District Fulicheng Chaoyang District, Beijing PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Ms. Xiang Yun (向雲)	Flat 401, Block H Vanke Sijihuacheng Mudanyuan Longgang District Shenzhen PRC	Chinese
Ms. Han Huihua (韓慧華)	Block 1 Baihua Gongyu Futian District, Shenzhen PRC	Chinese
Mr. Wu Jianxia (吳劍俠)	Flat 12D, Block 29 Phase I Nanhai Meigui Huayuan Nanshan District, Shenzhen PRC	Chinese

For further details, see the section headed “Directors, Supervisors and Senior Management” in this Prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

CLSA Capital Markets Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

Citigroup Global Markets Asia Limited

50/F, Champion Tower
Three Garden Road
Central
Hong Kong

Goldman Sachs (Asia) L.L.C.

68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Joint Representatives

CLSA Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

Citigroup Global Markets Asia Limited

50/F, Champion Tower
Three Garden Road
Central
Hong Kong

Goldman Sachs (Asia) L.L.C.

68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators**CLSA Limited**

18/F, One Pacific Place
88 Queensway
Hong Kong

Citigroup Global Markets Asia Limited

50/F, Champion Tower
Three Garden Road
Central
Hong Kong

Goldman Sachs (Asia) L.L.C.

68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

CMB International Capital Limited

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

ICBC International Capital Limited

37/F ICBC Tower
3 Garden Road
Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**Joint Bookrunners and Joint Lead
Managers**

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

Citigroup Global Markets Asia Limited
*(in relation to the Hong Kong Public
Offering)*
50/F, Champion Tower
Three Garden Road
Central
Hong Kong

Citigroup Global Markets Limited
(in relation to the International Offering)
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

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

ICBC International Capital Limited
(in its capacity as Joint Bookrunner)
37/F ICBC Tower
3 Garden Road
Hong Kong

ICBC International Securities Limited
(in its capacity as Joint Lead Manager)
37/F ICBC Tower
3 Garden Road
Hong Kong

ABCI Capital Limited
(in its capacity as Joint Bookrunner)
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited

(in its capacity as Joint Lead Manager)

10/F, Agricultural Bank of China Tower

50 Connaught Road Central

Hong Kong

BOCI Asia Limited

26th Floor, Bank of China Tower

1 Garden Road

Hong Kong

CCB International Capital Limited

12/F CCB Tower

3 Connaught Road Central

Central

Hong Kong

Guosen Securities (HK) Capital Company Limited

Suites 3207-3212, 32/F

One Pacific Place

88 Queensway

Hong Kong

Legal Advisors to the Company

As to Hong Kong and U.S. laws

Paul Hastings

22/F, Bank of China Tower

1 Garden Road

Central

Hong Kong

As to PRC laws

JunHe LLP

Suite 2803-04

28th Floor, Tower Three, Kerry Plaza

No. 1-1, Zhongxinsi Road, Futian District

Shenzhen

PRC

**Legal Advisors to the Joint Sponsors
and the Underwriters**

As to Hong Kong and U.S. laws

Herbert Smith Freehills

23/F, Gloucester Tower

15 Queen's Road Central

Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to PRC laws

Commerce & Finance Law Offices

14th Floor, China World Office 2
No. 1, Jianguomenwai Avenue
Chaoyang District, Beijing
PRC

**Independent Auditor and Reporting
Accountants**

Ernst & Young

Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc., Shanghai
Branch Co.**

Suite 2504
Wheelock Square
1717 Nanjing West Road
Shanghai
PRC

Compliance Advisor

Altus Capital Limited

21 Wing Wo Street, Central, Hong Kong

Receiving Banks

Bank of China (Hong Kong) Limited

1 Garden Road
Hong Kong

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

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

CORPORATE INFORMATION

Registered Office	Meilin Vanke Center No. 63 Meilin Road, Futian District Shenzhen PRC
Headquarters and Principal Place of Business in the PRC	Meilin Vanke Center No. 63 Meilin Road, Futian District Shenzhen PRC
Principal Place of Business in Hong Kong	1806-07, 18/F Laws Commercial Plaza 788 Cheung Sha Wan Road Kowloon Hong Kong
Company's Website	https://www.onewo.com/ <i>(the information contained on this website does not form part of this Prospectus)</i>
Joint Company Secretary	Mr. Huang Min (黃旻) Flat 3603, Building 6, Block 2 Vanke Jinyu Zhongyang Huayuan Longgang District, Shenzhen PRC Ms. Ng Wai Kam (伍偉琴) (ACG, HKACG) 5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
Authorized Representatives	Mr. Zhu Baoquan (朱保全) Flat 28B, Baihe Ge Baihua Yuan No. 2 Baihua 2nd Road Futian District, Shenzhen PRC Mr. Huang Min (黃旻) Flat 3603, Building 6, Block 2 Vanke Jinyu Zhongyang Huayuan Longgang District, Shenzhen PRC

CORPORATE INFORMATION

Alternate Authorized Representative	Ms. Ng Wai Kam (伍偉琴) (<i>ACG, HKACG</i>) 5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
Audit Committee	Ms. Law Elizabeth (<i>chairperson</i>) Mr. Wang Wenjin Mr. Chen Yuyu
Remuneration Committee	Mr. Shen Haipeng (<i>chairperson</i>) Mr. Zhu Baoquan Mr. Song Yunfeng
Nomination Committee	Mr. Zhu Baoquan (<i>chairperson</i>) Mr. Song Yunfeng Mr. Chen Yuyu
H Share Registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Banks	China Merchants Bank Shenzhen Dongmen Branch 1-2/F Waimao Qinggong Tower No. 1002 Aiguo Road Luohu District, Shenzhen PRC China Citic Bank Shenzhen Luohu Branch 1/F Xinglong Tower No. 3011 Nanhu Road Luohu District, Shenzhen PRC

INDUSTRY OVERVIEW

The information set out in this section has been prepared by Frost & Sullivan and reflects estimates of market conditions derived from various official government publications, available sources from public market research, and trade opinion surveys, and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information and statistics from official government sources have not been independently verified by our Group, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering and none of them gives any representations as to its accuracy.

RESEARCH BACKGROUND AND METHODOLOGIES OF FROST & SULLIVAN

We have commissioned Frost & Sullivan to conduct an analysis of and to prepare a report on the community space living consumption services market, the commercial and urban space integrated services market and the intelligent city tech services market in China for use in this Prospectus. The report is charged for a fee of RMB580,000 and is disclosed with the consent of Frost & Sullivan. Frost & Sullivan, an independent market research consultant founded in 1961, provides market research on a variety of industries.

Information from the Frost & Sullivan Report has been included in this Prospectus as our Directors believe that such information facilitates the understanding of the relevant markets for potential investors. The market research process for the Frost & Sullivan Report has been undertaken through detailed primary and secondary research. Primary research included interviewing leading industry participants and industry experts on the status of the property service market, while secondary research included reviewing company and independent research reports, public government data and other databases.

When compiling the report for the purpose of this Prospectus, Frost & Sullivan has made analysis and forecasts based on the following key assumptions: (i) China's economy is likely to grow steadily in the next decade; (ii) China's social, economic and political environment is likely to remain stable; (iii) market drivers such as an increasing urbanization rate, policy support from government and growth of the economy will drive the development of the property service industry; and (iv) the COVID-19 pandemic is likely to affect the stability of China's macro-economy in the short term. Our Directors confirm that after taking reasonable care, there has been no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

INDUSTRY OVERVIEW

THE PRC PROPERTY MANAGEMENT SERVICES INDUSTRY

Overview

Property management originally refers to the operation, control, and oversight of real estate. With the evolution of the PRC property management services industry through the past few decades, the scope of such industry and the services contained therein has experienced several stages of development as follows:

- ***The initial stage.*** In the early 1980s, the establishment of China's first property management services company marked the beginning of the history of the PRC property management services industry. At the initial stage, the property management services market was highly fragmented, formed by property management services companies with low profitability and limited standardization capabilities regarding the services provided. At this stage, market players focused on providing one or more of the basic property management services, such as security services, cleaning services, repair and maintenance services, gardening services, etc.
- ***The standardized stage.*** In 2003, the Provisions on Property Management (《物業管理條例》) were promulgated, providing a regulatory framework for the PRC property management services industry and pushing the industry into a standardized stage.
- ***The diversified stage.*** In 2012, the promulgation of 12th Five-Year Plan for the Development of the Service Industry (《服務業發展“十二五”規劃》) encouraged the PRC property management services companies to carry out diversified businesses, marking the industry's entry into a diversified stage. With the implementation of additional relevant regulations since then, an open and fair market system for the industry was established.

The major service providers at this stage provided services in relation to a wide range of properties, including among others, residential properties, retail commercial properties, office buildings, public properties, industrial parks, schools and hospitals. At the same time, in addition to providing high-quality basic property management services, established property management service providers expanded their offerings to include various value-added services, including home sale and rental brokerage, home decoration and furnishing services and others. Moreover, in order to expand their service coverage and enhance their profitability, leading players not only chose to compete with existing giants in some value-added segments with great potentials, such as home sale and rental brokerage, home decoration and furnishing services, etc., but also started to enter into new markets that intersected or related to the property management services market.

INDUSTRY OVERVIEW

- ***The technology stage.*** Driven by the development of advanced technology, the leading market players began to explore the application of technology in the property management services market, navigating the industry into the technology stage. At this stage, certain industry leaders started to explore new profitable approaches through the integration of the basic property management services and value-added services with technology-enabled solutions, such as smart property consultancy services, integrated smart space solutions, remote enterprise operation services and remote space operation services.

As the property management services industry evolves, some leading market players do not merely position themselves as a “property management service provider”, but rather as a “property management and commercial operational service provider”, “integrated urban operation service provider” or “comprehensive property management and lifestyle service operator”, for instance. And the term “space management services” starts to be an industry-recognized phrase to reflect the development and changes of the industry.

By actively participating in the above development process, Onewo played a significant role in leading the industry into the diversified stage and the technology stage, expanding the services beyond the standardized property management concept, shaping and settling new industry norms. Although a considerable portion of our business, especially the residential property services under our community space living consumption services segment, as well as the property and facility management (PFM) services under our commercial and urban space integrated services segment, stems from and inherits the nature of the basic property management services, we have extended our business into different zones and spaces, offering synergistic services across community, commercial and urban spaces, where a considerable portion of the services offered therein is no longer managed, priced and charged on a GFA basis.

Services Provided by the Majority of the Market Players

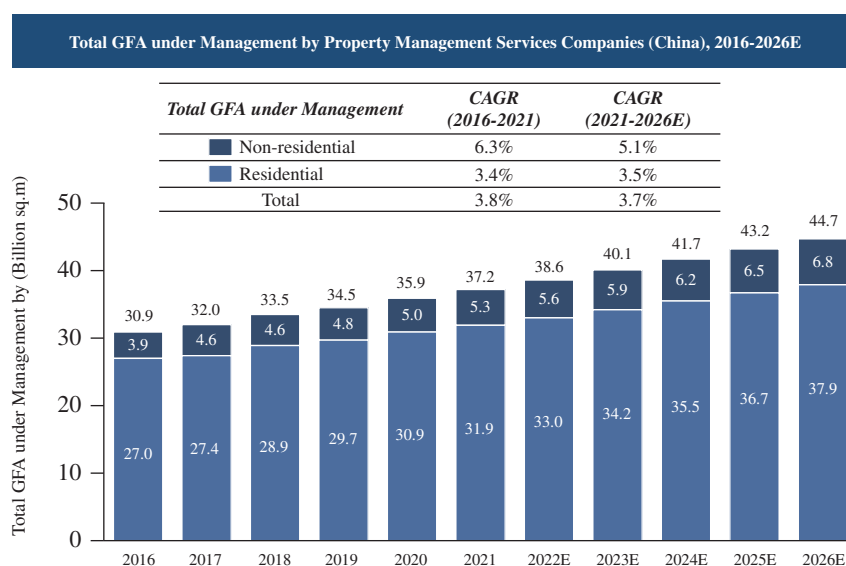
Currently, except for the leading market players such as Onewo, who have developed ahead of the majority of their peers, and started to compete in various markets, the majority of property management services companies mainly offer services for residential properties and non-residential properties including office buildings, shopping malls, public properties (government buildings, hospitals, schools, etc.), industrial parks and other properties. Such property management services companies generally offer these services: (i) basic property management services, including security, cleaning, repair and maintenance, gardening and landscaping and others; and (ii) value-added services include value-added services to property developers and community value-added services. Value-added services to property developers mainly comprise display unit management services, preliminary property management services, pre-delivery services, maintenance and repair services and other event-oriented services. Community value-added services primarily include home decoration and furnishing services, home sale and rental brokerage services, common area operation services, carpark space sales assistance services, electromechanical device maintenance services, and others.

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Market Size and Competitive Landscape

According to Frost & Sullivan, the total GFA under management¹ by property management services companies in China increased from 30.9 billion sq.m. in 2016 to 37.2 billion sq.m. in 2021, representing an overall CAGR of 3.8%. The total GFA under management of residential properties in China reached 31.9 billion sq.m. in 2021, representing an overall CAGR of 3.4% from 2016 to 2021, and the total GFA under management of non-residential properties reached 5.3 billion sq.m. in 2021, representing an overall CAGR of 6.3% from 2016 to 2021.

In 2026, the total GFA under management is expected to reach 44.7 billion sq.m., representing an overall CAGR of 3.7% from 2021 to 2026. The following diagram sets out the total GFA under management by property management services companies in China for the period of 2016 to 2026:



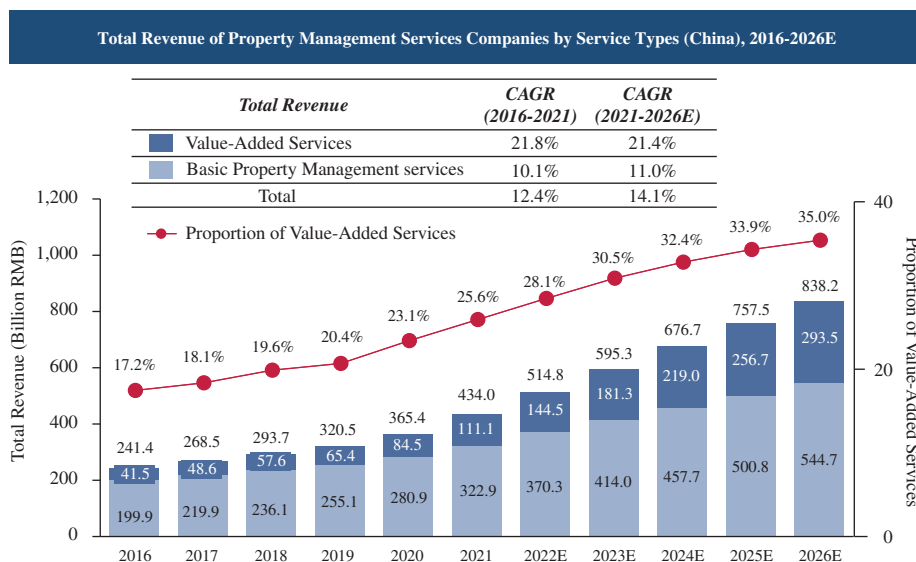
Source: Frost & Sullivan

The PRC property management services market is intensively competitive and highly fragmented with around 110,000 participants as of the end of 2021. For property management services companies in China, most of their revenue is generated from basic property management services, accounting for approximately 74.4% in 2021. In recent years, property management services companies have been seeking to diversify their services and revenue streams. With the increasing diversification of services, the total revenue of value-added services provided by those companies has grown from RMB41.5 billion in 2016 to RMB111.1 billion in 2021, representing an overall CAGR of 21.8%, and is expected to reach RMB293.5 billion in 2026, representing an overall CAGR of 21.4% from 2021 to 2026. From 2016 to 2021, the proportion of value-added services in the total revenue of property management

¹ “GFA under management” under this section refers to the aggregate floor areas of individual units privately owned by property owners or occupied by property occupants and gross floor area of common areas.

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services increased from 17.2% to 25.6% and is expected to reach 35.0% in 2026. The following diagram sets out the total revenue of property management services companies by service types in China for the period of 2016 to 2026:



Source: Frost & Sullivan

In 2021, our Group ranked first in China’s property management services market in terms of revenue from basic property management services, and secured a market share of 4.28%. The following table sets out the details of the top five service providers in China’s property management services market by basic property management services revenue in 2021:

Ranking	Name	Market Share
1	Our Group	4.28%
2	Company A	4.27%
3	Company B	2.94%
4	Company E	2.68%
5	Company F	2.42%

Source: Annual Reports, Frost & Sullivan Analysis

Notes:

- (1) Basic property management services mainly include security, cleaning, repair and maintenance, gardening and landscaping. The revenue is based on basic property management revenue, as the service coverage for value-added services of the top 5 property management services providers differs, and are not perfectly comparable.
- (2) The revenue of Company A excludes the “Three Supplies and Property Management” business.

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- (3) Company A: a leading company listed on Hong Kong Stock Exchange which focuses on providing residential property management services in China with strong brand recognition and large and extensive property management portfolio, with the total revenue (excluding the “Three Supplies and Property Management” business) of approximately RMB25.1 billion in 2021, and the GFA under management (excluding the “Three Supplies and Property Management” business) of 765.7 million sq.m. as of December 31, 2021.
- (4) Company B: a listed and leading comprehensive property management service provider in China which manages a diverse portfolio of properties.
- (5) Company E: a property management service provider listed on Hong Kong Stock Exchange focusing on providing services for mid-to-high-end properties and offering a comprehensive portfolio of services, with the total revenue of approximately RMB14.1 billion in 2021, and the GFA under management of 488.9 million sq.m. as of December 31, 2021.
- (6) Company F: a listed company on Shenzhen Stock Exchange, which provides residential property management services, and shopping mall and office building operational services in China, with the total revenue of approximately RMB10.6 billion in 2021, and the GFA under management of 281.0 million sq.m. as of December 31, 2021.

Considering the different services coverages of the leading market players in the PRC property management services industry, our ahead-of-peers positions and our extensive reach beyond the traditional property management services scope, we believe a more comprehensive, balanced and fair view of the Company’s competitive positions can be achieved through the following discussion of each market we participated in.

THE PRC COMMUNITY SPACE LIVING CONSUMPTION SERVICES MARKET

Overview

The community space living consumption services market in China offers three broad types of services: (i) basic residential property management services; (ii) home-related asset services; and (iii) community value-added services. Basic residential property management services include repair and maintenance, gardening, cleaning and security services. Home-related asset services include home sale and rental brokerage services and home redecoration and furnishing services. Home sale and rental brokerage services refer to home sales services (which include new and existing housing sales) and home rental services, while home redecoration and furnishing services include decorations design services, renovation and construction. Community value-added services mainly include common area operation services, carpark space sales assistance services, electromechanical device maintenance services and others.

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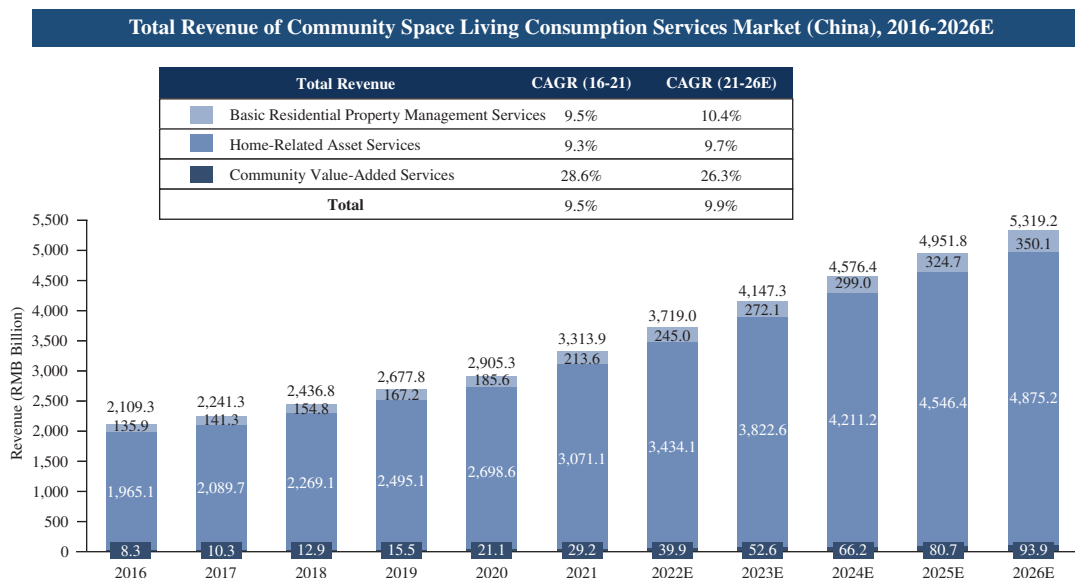
Market Development

According to Frost & Sullivan, the total revenue of China's community space living consumption services market has increased from RMB2,109.3 billion in 2016 to RMB3,313.9 billion in 2021, representing an overall CAGR of 9.5%. It is expected to reach RMB5,319.2 billion in 2026, representing an overall CAGR of 9.9% for the period from 2021 to 2026.

Within the community space living consumption services market, the total revenue of basic residential property management services has increased from RMB135.9 billion in 2016 to RMB213.6 billion in 2021, representing a CAGR of 9.5%. It is expected to reach RMB350.1 billion in 2026, representing a CAGR of 10.4% from 2021 to 2026.

The total revenue of community value-added services has increased from RMB8.3 billion in 2016 to RMB29.2 billion in 2021, representing an overall CAGR of 28.6%. It is expected to reach RMB93.9 billion in 2026, representing a CAGR of 26.3% from 2021 to 2026.

The total revenue of home-related asset services market has increased from RMB1,965.1 billion in 2016 to RMB3,071.1 billion in 2021, representing a CAGR of 9.3%. It is expected to reach RMB4,875.2 billion in 2026, representing a CAGR of 9.7% from 2021 to 2026. The following diagram sets out the total revenue of community space living consumption services market in China for the period of 2016 to 2026:



Source: Frost & Sullivan Analysis

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Our Competitive Position

Among the three major segments under China's community space living consumption services market, China's basic residential property management services market is the segment that we primarily focus on. According to Frost & Sullivan, the total revenue of China's basic residential property management services market reached RMB213.6 billion in 2021 with the top five service providers contributing approximately 18.77% market share in terms of revenue in 2021.

In 2021, our Group ranked first in China's basic residential property management services market in terms of revenue, and secured a market share of 5.32%. The following table sets out the details of the top five service providers in China's basic residential property management services market by revenue in 2021:

Ranking	Name	Market Share (%)
1	Our Group	5.32%
2	Company A	5.17%
3	Company B	3.77%
4	Company C	2.53%
5	Company D	1.98%

Source: Annual Reports, Frost & Sullivan Analysis

Notes:

- (1) The revenue of Company A excludes the "Three Supplies and Property Management" business.
- (2) Company C: a leading company listed on Hong Kong Stock Exchange that focuses on providing high-end residential property management services in China with a reputable brand for first-class service quality, with the total revenue of approximately RMB12.6 billion in 2021, and the GFA under management of 304.1 million sq.m. as of December 31, 2021.
- (3) Company D: a leading comprehensive property management service provider listed on Hong Kong Stock Exchange with an extensive property management scale and state-owned background, with the total revenue of approximately RMB10.8 billion in 2021, and the GFA under management of 465.3 million sq.m. as of December 31, 2021.

Market Drivers

Increase of urban population and in per capita disposable income

The steady growth of China's urban population and per capita disposable income have contributed to the increasing demand of quality community space living consumption services. According to Frost & Sullivan, the urbanization rate in China has increased from 57.4% in 2016 to 64.7% in 2021. The Chinese urban population has increased steadily from 793.0 million in 2016 to 914.3 million in 2021, representing a CAGR of 3.3%. Also, the per capita disposable income of urban households in China increased steadily from RMB33,616 in 2016

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to RMB47,412 in 2021, representing a CAGR of 7.1%. As a result, there is a significant increase in sales area of residential housing, which in turn stimulates the demand for community space living consumption services. On the other hand, with the increase in per capita disposable income, people seek for a better living environment and are more willing to pay for quality community space living consumption services, such as coordinator services, in which community space living consumption service providers engage service coordinators to provide personalized services to property owners before and after they move into their new homes.

Rapid development of first-tier, new first-tier and second-tier cities

According to Frost & Sullivan, the urban population of first-tier cities, new first-tier cities and second-tier cities has experienced steady growth with a CAGR of 3.2%, 5.7% and 4.0% respectively for the period of 2016 to 2021. In addition, the per capita disposable income of urban households of first-tier cities, new first-tier cities and second-tier cities are expected to reach a CAGR of 7.1%, 7.0% and 7.1% respectively for the period of 2021 to 2026. Residents of the first-tier, new first-tier and second-tier cities have strong consumption capabilities and higher expectations of their housing environment and on the quality of residential services. Accordingly, the continuous development of first-tier, new first-tier and second-tier cities will further drive the development of community space living consumption services market in China.

Increasing popularity of housing rental and redecoration and furnishing services

With the restriction on new housing supply and the continued increase of housing prices, the volume of second-hand housing transactions and rental transactions has continued to rise in the past five years. According to Frost & Sullivan, the trading volume of existing houses has increased from 2.13 million in 2016 to 5.92 million in 2021, with a CAGR of 22.7%. In addition, benefited from the government's support on well-renovated houses, the demand for house redecoration and furnishing services has further increased, allowing community space living consumption service providers to participate in the business and compete with original home improvement companies.

Entry Barriers of the PRC Community Space Living Consumption Market

Brand reputation

Brand reputation has been established amongst top community space living consumption service providers in China, which is an important factor in acquiring new opportunities in the market. For example, large-scale property developers usually engage well-known community space living consumption service providers in delivering community space living consumption services. Most residential property owners also prefer to engage well-known community space living consumption service providers as they believe their brand reputation indicates better services. New entrants may find it difficult to build brand reputation within a short time and to penetrate the market when competing with community space living consumption service providers with great brand reputation.

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Standardization and professionalization

The community space living consumption services market now focuses on standardization and professionalization. With the support from the government, leading community space living consumption service providers actively establish standardized operation and management systems in order to manage projects in a more cost-effective way and increase profitability. They tend to outsource labor-intensive aspects of their operations to subcontractors and place heavier emphasis on developing standardized systems and training staff to implement such standardized systems. With sufficient resources, they are able to invest in the standardization of their operations and enhance their management and operational capabilities. In contrast, with limited resources, new entrants may find it difficult to invest in professional and standardized operation systems and build up their management and operational capabilities.

Human resources

Community space living consumption services rely on labor for the delivery of services as well as implementing and innovating technological solutions. Well-established community space living consumption service providers have formed their own talent reserve, training mechanisms and incentive systems over time. In addition, they are more devoted to managing and training their employees with standardized management. They attract talents who are equipped with technological skills. In contrast, new entrants lack experience in recruiting and cultivating talents. Talents may prefer companies with established brand values and recognition. With this gap between new entrants and established key players, new entrants may find it difficult to compete with other strong service providers in human resources.

Technology capability

Along with the popularization of technologies including the Internet of Things and mobile Internet technologies, most leading community space living consumption service providers have established core information systems. Efficient IT systems are conducive to integrate resources, improve management efficiency and monitor service processes effectively. Key market players have also made use of other advanced technologies such as big data analytics and cloud-based applications to explore new value-added services and diversify revenue streams. By integrating their own business characteristics with their core information systems, they have formed technological advantages which new entrants in the community space living consumption services market will find to be a technical barrier.

Future Opportunities and Challenges

Future Opportunities

Great market potential

The community space living consumption services market has great market potential and its revenue is growing steadily. The increase of urban population has led to an increase in the consumer base of community space living consumption services market, while the increase in per capita disposable income of urban households in first-tier, new first-tier and second-tier cities has given rise to greater demand for better community space living consumption services. In addition, the broadening service scope has brought new growth points for the community space living consumption service market with home-related asset services becoming an important aspect.

Accelerated industry concentration

The degree of concentration of the community space living consumption services market has been increasing in recent years as a result of major community space living consumption service providers acquiring other players. They are also actively developing alliances and consolidation to achieve economies of scale. It is expected that leading community space living consumption service providers will continue to improve their competitiveness and consolidate their market share as well as expand their scope of services, which will further increase the level of concentration in China's community space living consumption services market.

Service quality improvement

With increasing consumer awareness and growing per capita disposable income, property owners nowadays pay more attention to service quality when selecting community space living consumption service providers and pursue better living conditions and community environment. The increasing consumption has also lifted the standards of operation and services. It is expected that community space living consumption service providers will continue to improve their service qualities and operational capabilities by optimizing and upgrading their services through application of information technologies.

Application of new technologies

With the rapid development of information technology, big data, cloud computing and other new technologies in China, digitalization and intelligent transformation of the community space living consumption services market has become one of the main trends in the future. In particular, the development in information technology and digitalization enables community space living consumption service providers to improve service quality and reduce operational costs. Community space living consumption service providers can make use of intelligent access control and intelligent parking for the better convenience of citizens, and also reduce labor costs and energy consumption for operating enterprises. They can also utilize social media, mobile apps and other technology tools to achieve effective consolidation and distribution of community resources.

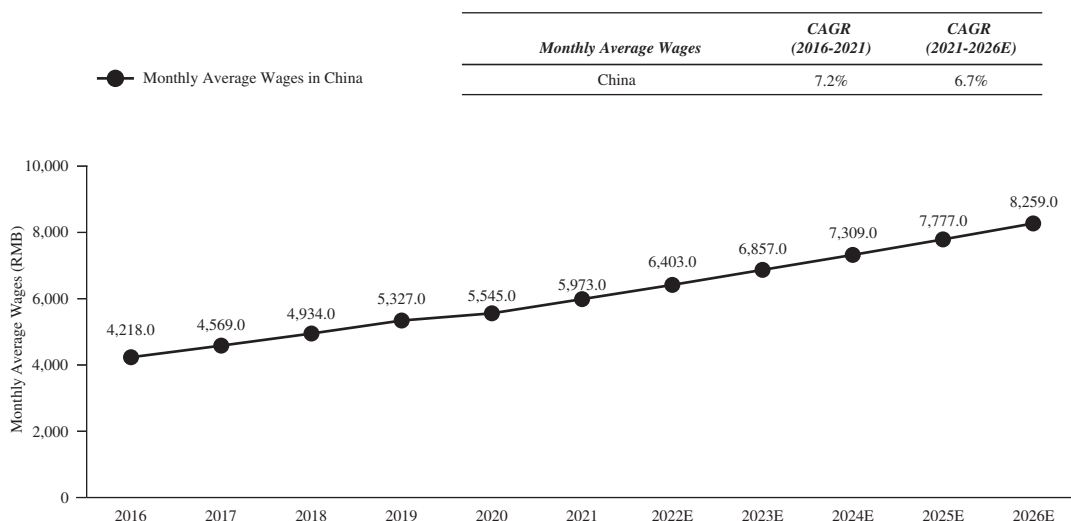
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Challenges

Rising labor costs

The community space living consumption services market requires a large workforce to provide cleaning, decoration, home sale and rental brokerage services and repair and maintenance and other services. However, staff cost has become one of the largest components of service providers' operating costs. The monthly average wages of workers in the community space living consumption services market in China, according to Frost & Sullivan, have increased from RMB4,218.0 in 2016 to RMB5,973.0 in 2021 with a CAGR of 7.2%. In addition, the imposition of minimum wage has driven the increase in labor costs. Rising labor costs could materially and adversely affect business operations and financial conditions. The following diagram sets out monthly average wages of workers in the community space living consumption services market in China from 2016 to 2026:

Monthly Average Wages of Workers in Community Space Living Consumption Services Market (China), 2016-2026E



Source: Frost & Sullivan Analysis

THE PRC COMMERCIAL AND URBAN SPACE INTEGRATED SERVICES MARKET

Overview

The commercial and urban space integrated services market is made up of two broad segments.

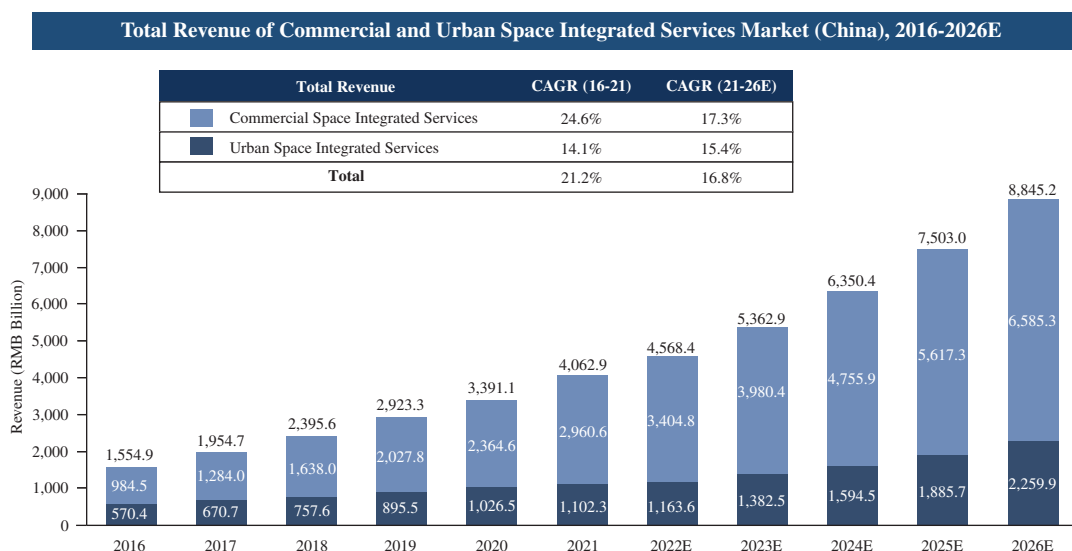
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Commercial space integrated services offer two types of services including: (i) property and facility management services, mainly including security services, cleaning services, greening services, facility operation and maintenance, environment, health and safety management, integrated administrative support, event support and concierge services; and (ii) value-added services for developers, which include services such as pre-delivery services, building renovation and maintenance services and sales center and model room.

Urban space mainly consists of government buildings, schools, hospitals, roads, streets and other urban spaces. Urban space integrated services offer three types of services, namely: (i) space governance solutions, which mainly include urban cleaning and sanitation services, repair and maintenance of municipal infrastructure and urban safety and security management services in urban public spaces, including indoor and outdoor areas open and accessible to the public; (ii) urban environmental governance solutions, which include technology-enabled water quality control, river system maintenance and preservation, as well as integrated management of urban parks; and (iii) old community operation, which is mainly old community management and renewal services.

Market Development

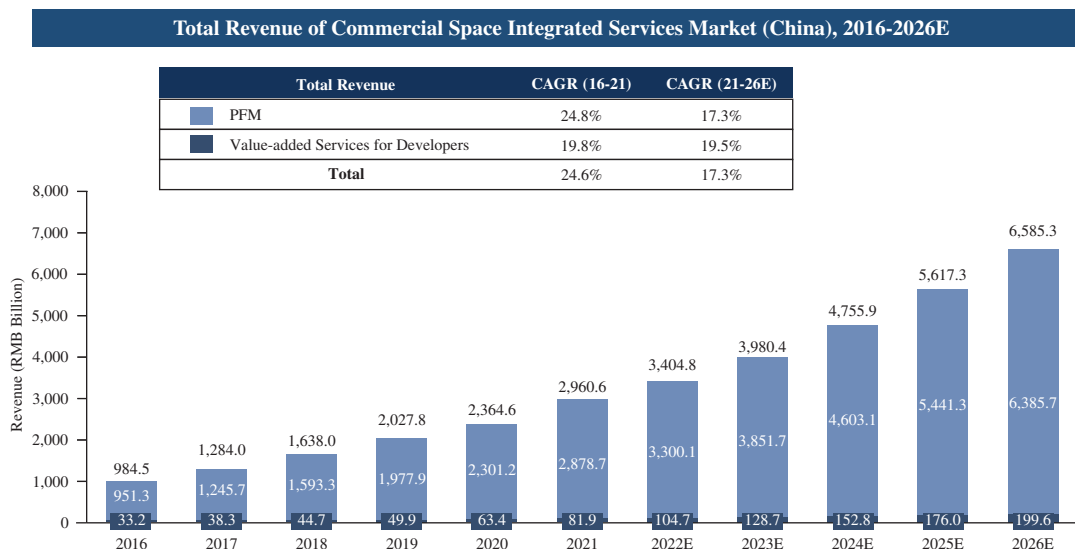
According to Frost & Sullivan, the total revenue of the commercial and urban space integrated service market in China has increased from RMB1,554.9 billion in 2016 to RMB4,062.9 billion in 2021, representing an overall CAGR of 21.2% from 2016 to 2021. The revenue of commercial and urban space integrated service market in China is expected to reach RMB8,845.2 billion in 2026, representing an overall CAGR of 16.8% for the period of 2021 to 2026. The following diagram sets out the total revenue of commercial and urban space integrated service market in China for the period of 2016 to 2026:



Source: Frost & Sullivan Analysis

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According to Frost & Sullivan, following the continuous expansion of commercial space and service scopes and the consciousness of related service outsourcing (especially administrative outsourcing), the property and facility management (PFM) services market in China is expected to maintain rapid growth in the next five years. The PFM market is expected to reach RMB6,385.7 billion in 2026 with a CAGR of 17.3% from 2021 to 2026. Meanwhile, the market of value-added services for developers is estimated to reach RMB199.6 billion in 2026 with a CAGR of 19.5% from 2021 to 2026. The following diagram sets out the total revenue of commercial space integrated services market in China for the period of 2016 to 2026:



Note: PFM services market includes mainland China, Hong Kong and Macao.

Source: Frost & Sullivan Analysis

Our Competitive Position

According to Frost & Sullivan, the revenue of the commercial and urban space integrated services market in China reached RMB4,062.9 billion in 2021. The commercial and urban space integrated services market is competitive and fragmented. The top five commercial and urban space integrated service providers in the commercial and urban space integrated service market accounted for 0.77% market shares in terms of revenue in 2021, among which our Group ranked the first with a market share of 0.21%. The following table sets forth the details of the top five commercial and urban space integrated service providers in China's commercial and urban space integrated services market by revenue in 2021:

Ranking	Name	Market Share (%)
1	Our Group	0.21%
2	Company E	0.19%
3	Company F	0.14%
4	Company A	0.12%
5	Company C	0.11%

Source: Annual Reports, Frost & Sullivan Analysis

Notes:

- (1) The revenue of Company A excludes the “Three Supplies and Property Management” business.

Market Drivers

Progression of urbanization and development of economic regions

The development of China's macro-economy has promoted the progression of urbanization and increase of per capita disposable income, driving the development of commercial and urban space integrated service market in turn. According to Frost & Sullivan, the rate of urban population in China has increased from 57.4% in 2016 to 64.7% in 2021, while the per capita annual disposable income of urban residents has increased from RMB33,616 in 2016 to RMB47,412 in 2021 with a CAGR of 7.1%. This has led to an increasingly concentrated population who demands more commercial and urban spaces that are carefully-designed and better work and city environment. This in turn created a greater demand for commercial and urban space integrated service and raised the standard of commercial and urban space integrated service quality.

On the other hand, the Chinese government has proposed a new type of urbanization, which includes promoting sustainable urban development that is eco-friendly with low carbon footprints, providing better services to urban residents and increasing the use of electronics to collect specific operational data. These plans have put forward stricter requirements to governance methods and stimulated the demand for professional services in the urban public space. In addition, the Chinese government has been cultivating more developed economic regions over the last decade and has been promoting the development of economic regions such as Chengdu-Chongqing Economic Circle. This has further stimulated the demand for commercial space integrated services in China.

Stable development of commercial space and commercial space integrated services

There has been a rapid expansion of commercial spaces. According to Frost & Sullivan, the total GFA of commercial properties in China has reached 0.9 billion sq.m in 2021. In addition, there is an increasing number of domestic and international companies that establish their headquarters in the first-tier and new first-tier cities in China because of favorable development of the economy and government policies as well as good business environment. These altogether contributed to great market potentials for the commercial space integrated services market in China. Also, in recent years, more and more companies started to engage professional commercial space integrated services in order to achieve higher return on investment and management efficiency. Comprehensive commercial space integrated services can also help companies concentrate their resources on their core business sectors, which will increase the demand and penetration of commercial space integrated services in the long run.

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Favorable policies

Since the resolution made by the Third Plenary Session of the Eighteenth Central Committee in 2013 permitting social capital participating in the investment and operation of urban infrastructure facilities by way of franchise, the government has issued a series of policies to encourage private capital to invest and operate in urban services. For example, the “Implementation Opinions on Promoting the Use of Government and Social Capital Cooperation Model” (《關於進一步加強城市精細化管理工作的實施意見》) issued by the local government in 2020 sets forth that the government will guide and encourage social capital to actively participate in the investment and operation of urban services, and promote the use of Public-Private Partnership (PPP) model. The Guiding Opinions on the Comprehensive Promotion of Urban Old Residential Communities Renewal Work (《關於全面推進城鎮老舊小區改造工作的指導意見》), also issued by the government in 2020, sets out that the government will improve urban functions by, for example, optimizing urban road systems, improving municipal public infrastructure and accelerating the transformation of old communities.

Entry Barriers of the PRC Commercial and Urban Space Integrated Services Market

Industrial experience

Commercial and urban space integrated services cover a variety of property types such as commercial office buildings and enterprise office buildings, airports, hospitals, roads and underground pipelines. Each type of space imposes certain technical barriers and requires specific resources. Commercial and urban space integrated service providers need sufficient industrial experience in order to tailor their services to each type of space. In addition, mature operation and management experience as well as successful project experience are crucial in shaping brand reputation. As operation and management capabilities are usually accumulated over long-term services, it becomes more difficult for new entrants which have limited experience in practice to compete with the leading commercial and urban space integrated service providers that have built competence through previous successful project experiences.

Partnerships and relationships

There are partnership relationships between the service providers and the government in the urban space integrated services market. The government tends to establish long-term partnerships with its service providers. The customer relationships remain one of the key factors in the operation of commercial space integrated services as service providers can achieve better customer satisfaction with sustainable customer relationships. While leading service providers have already accumulated abundant customer resources and built mutual trust with their customers, it is difficult for new entrants to obtain long-term partnerships and relationships in a short time.

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Professional staff

The commercial and urban space integrated services market remains a labor-intensive market. Talents with rich experience and professional and technological skills are valuable and in high demand. In addition, these talents generally choose to work for companies with a strong reputation. It is therefore difficult for new entrants to attract professional and technical personnel within a short period of time and to maintain a high degree of cooperation with existing employees. They may also find it difficult to adapt to the ever-changing market environment.

Technology capability

With the development of Internet of Things, cloud computing, big data, artificial intelligence and other related technologies, digitalization and intelligence have become more common in the commercial space integrated services market. For example, service providers adopt smart entrance pass, smart building management, smart energy management and patrol robot in the course of their services. Efficient information systems can help service providers to integrate resources, improve management efficiency and save costs. Market players have to equip themselves with technological capabilities in order to maintain their competitive advantage in the market. It is challenging for new entrants to obtain mature technological capabilities without sufficient capital and operating experience.

Future Opportunities and Challenges

Future opportunities

Technology empowerment

The development of information technology, especially that of 5G, artificial intelligence and Internet of Things related technologies, has allowed commercial and urban space integrated service providers to improve service quality and effectively reduce costs. For example, intelligent building integration management, intelligent security patrol and intelligent parking lot management systems have been embedded into commercial space integrated services. In the future, commercial space integrated service providers are expected to expand their service scope and to improve service quality with the use of technology applications. In the meanwhile, urban space integrated service providers have made use of advanced technology such as Internet of Things, cloud platform and big data to achieve intellectualization and digitalization in urban space integrated services as it improves city operation efficiency.

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Transition towards a more integrated services model

Driven by more comprehensive demands from the customers and expansion of commercial space, commercial space integrated service providers will expand their scope of services to provide high-quality integrated services in addition to traditional property service to fulfill customer needs, such as energy consumption management services, human resources management services and pre-delivery services. This will facilitate the transition of the commercial space integrated services market towards a more integrated model.

Improvement in breadth and depth of services

National and local governments have introduced a series of incentive policies to promote the development of a headquarter-economy and to raise funds for fixed-asset investment projects. As a result, there is an emerging trend of higher-grade commercial spaces, which include enterprise buildings of international enterprises' regional headquarters, seeking more commercial space integrated services categories such as facility management services and IT management services as well as more in-depth services covering the full services lifecycle. In the meanwhile, the services provided by urban space integrated service providers have been expanding. In addition to traditional operational and maintenance services, they have been providing urban management and planning services, such as the tenant sourcing services for state-owned properties and portfolio management services for public institutions.

Urban coordinator function strengthened

Along the “decentralized-control-service” reform, the government has transformed from being management-oriented to service-oriented. “Decentralized-control-service” has also given rise to a new mode of urban management in which the government purchases public services from the society, in which urban space integrated service providers have been able to carry out urban space integrated services and strengthen their functions as “urban coordinators”.

Operational arrangements

Urban space integrated service providers have expanded their size and enhanced their market competitiveness through establishing joint ventures or associated companies with state-owned enterprises. Service providers can acquire industry experience and resources through cooperating with local governments, because local governments have been engaged in the urban space integrated services industry for a long time. Also, by establishing joint ventures or associated companies with state-owned enterprises, service providers can quickly expand the scale of undertaken projects and accumulate industry experience.

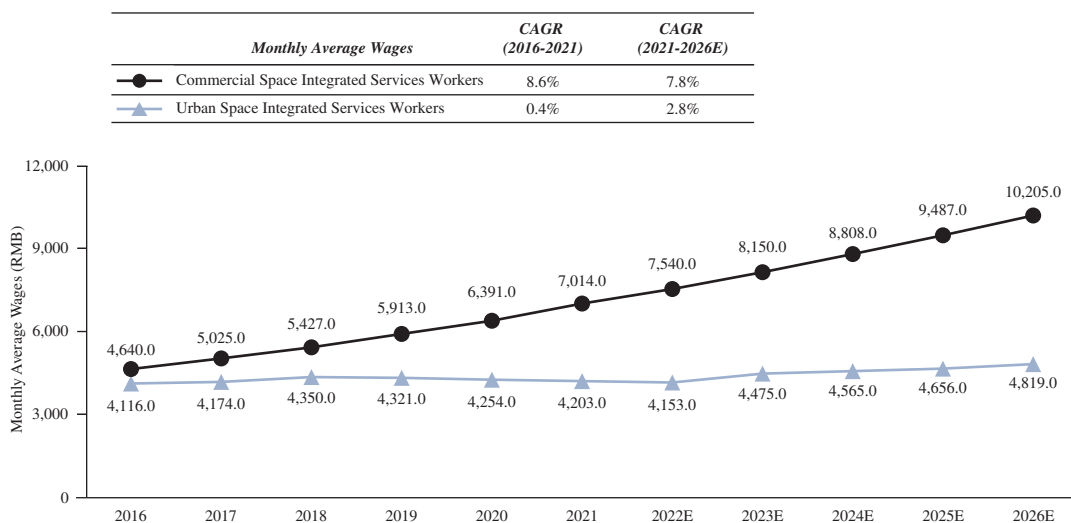
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Challenges

Increase in labor costs

Commercial space integrated service providers face higher labor costs each year, with the monthly wages of workers in commercial space integrated services market expected to reach to a CAGR of 7.8% for the period of 2021 to 2026. However, as more and more service providers adopt digitalization and other technological tools, they rely less on manual labor and the impact of increased labor costs on the commercial space integrated service providers is expected to be immaterial. Urban space integrated service providers also face higher labor costs each year, with the monthly wages of workers in urban space integrated services market to reach a CAGR of 2.8% for the period of 2021 to 2026. However, as service providers started to adopt digitalization and other technological tools in the market, the labor investment required in the urban space integrated services market will be reduced and minimizes the impact of increased labor costs on market players. The following diagram sets out the monthly average wages of workers in the commercial and urban space integrated services market in China from 2016 to 2026:

Monthly Average Wages of Workers in Commercial and Urban Space Integrated Services Market (China), 2016-2026E



Source: Frost & Sullivan Analysis

THE PRC INTELLIGENT CITY TECH SERVICES MARKET

Definition and Market Size

Definition

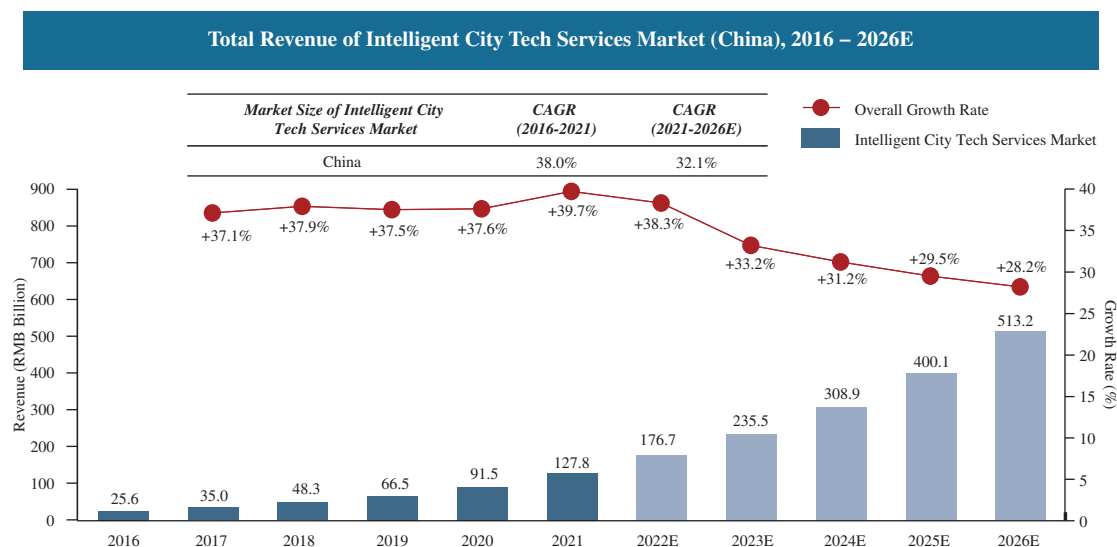
China's intelligent city tech services contain a variety of services, such as smart property consultancy services, integrated smart space solutions, remote enterprise operation services and remote space operation services to city administrators and enterprises.

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Smart property consultancy services include (i) the design of smart building operation systems and construction drawings; (ii) preparing design cost plan ; and (iii) coordination with other projects on design. Integrated smart space solutions refer to providing self-developed smart equipment and software systems. Remote enterprise operation services aim at helping companies improve the performance of business processes through using cloud platforms or other technologies. Remote space operation services mainly include intelligent urban space workflow management services and operation data analysis services to companies engaged in urban space integrated services.

Market Size

The total revenue of China’s intelligent city tech services market increased from RMB25.6 billion in 2016 to RMB127.8 billion in 2021, representing a CAGR of 38.0%. It is expected to increase to RMB513.2 billion by 2026 with a CARG of 32.1% for the period of 2021 to 2026.



Source: Frost & Sullivan Analysis

Our Competitive Position

China’s intelligent city tech services market is broad and highly fragmented. The types of players mainly include (i) chip manufacturers, sensor manufacturers and terminal and module manufacturers who mainly provide system-level chips, sensor chips, sensors and communication modules and other underlying components; (ii) communication operators who mainly provide communication networks; (iii) various platform service providers who provide products and services such as cloud platforms and operating systems for storage and analysis of data and information; (iv) intelligent hardware and application service providers who mainly provide specific services for customers in different application scenarios through analyzing and processing data, such as intelligent security, remote meter reading, and street light control services.

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The top five players in China's intelligent city tech services market are traditional internet or telecom giants, mainly focusing on the provision of information communication technology services, communication devices and facilities and communication network and cloud services. The average market share for each of the top five players in China's intelligent city tech services market is around 3.4% in terms of revenue in 2021.

With a business focus differing from those of the aforesaid top five players, our AIoT and BPaaS solution services combine online cloud services with offline smart hardware and offline services to mobilize resources and streamline workflow. We believe these services are strategically positioned to enhance the efficiency of our business and non-core business processes of corporate customers, with a particular focus on the cloud-edge collaboration capabilities and offline and localized operational support. We expect to continue to grow in the intelligent city tech services market in accordance with our business strategies. In 2021, our Group ranked between top 10 to top 20 among the intelligent city tech service providers in terms of revenue, with a market share of 1.45%.

Future Opportunities and Challenges

Future Opportunities

Efficiency improvement

The intelligent city tech services market in China is sizeable with considerable growth rate and fierce market competition. Thus, intelligent city tech service providers are under pressure to streamline business processes and improve efficiency in order to gain competitive advantages. This has in turn promoted cost reduction and development of intelligent city tech services market in China.

Technology innovation

The continuous application of new technologies will enable intelligent city tech service providers to significantly reduce their innovation costs and will encourage effective product development and upgrading. By applying innovative technologies such as Artificial Intelligence of Things, cloud computing, data analysis and virtual reality, tech service providers are also expected to reshape and optimize more business scenarios in the future.

Market participants' cooperation

While there are various types of market participants, the trend of cooperation is expected. Internet companies and other software service providers are extending their business fields to provide solutions by making use of their technological first mover advantages. At the same time, community space living consumption service providers empower their business sector with their abundant project management history and industry experience. In the future, it is expected that there will be more cooperation among various types of participants to give full play of their respective advantages, which will in turn boost the development of the intelligent city tech services market in China.

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Challenges

Increasing standard of confidentiality

Downstream clients, especially governments and large-scale enterprises, are now having higher expectations on data security, which led intelligent city tech services to place more emphasis on confidentiality. In the future, intelligent city tech service providers in China need to develop more comprehensive technological security system to ensure the confidentiality of their clients' information and avoid data leakage. The investment in technical teams and construction of secured infrastructures may become a challenge for the service providers in the intelligent city tech services market in China.

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Our business activities are primarily conducted in the PRC and Hong Kong. The following summarizes the material laws and regulations which we believe are material to our operations. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to potential investors.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

All companies established in the PRC are subject to the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the SCNPC on December 29, 1993 and was implemented since July 1, 1994, and was subsequently revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018. The PRC Company Law provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises. Where laws relating to foreign investment provide otherwise, such stipulations shall apply.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “Foreign Investment Law”) was promulgated by the National People’s Congress on March 15, 2019 and became effective on January 1, 2020 and replaced the Sino-Foreign Equity Joint Venture Enterprise Law of the People’s Republic of China (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the People’s Republic of China (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law of the People’s Republic of China (《中華人民共和國外資企業法》), and became the legal foundation for foreign investment in the PRC. Under the Foreign Investment Law, the PRC government implements a system of pre-entry national treatment plus a negative list for the administration of foreign investments, and gives national treatment to foreign investments beyond the negative list. The Implementing Regulations for the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, provides implementing measures and detailed rules to ensure the effective implementation of the Foreign Investment Law. Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was promulgated on December 30, 2019 and came into effect on January 1, 2020, where foreign investors carry out investment activities directly or indirectly within the PRC, foreign investors or foreign-invested enterprises shall report investment information to competent commerce departments through the enterprise registration system and the National Enterprise Credit Information Publicity System.

According to the Provisions on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》) (No. 346 Order of the State Council) which was promulgated by the State Council on February 11, 2002 and came into effect on April 1, 2002, foreign investment projects are divided into four categories, namely “encouraged,” “permitted,” “restricted” and “prohibited” categories. Currently, foreign investment projects of the encouraged are listed in the Catalog of Encouraged Industries for Foreign Investment (Edition 2020) (《鼓勵外商投資產業目錄(2020年版)》) (the “Encouraged Catalog”), and foreign investment projects of the restricted and prohibited categories are listed in the Special Administrative Measures for the

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Access of Foreign Investment (2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “Negative List”). Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalog and the Negative List are generally deemed as permitted for foreign investment.

PRC LAWS AND REGULATIONS RELATING TO PROPERTY MANAGEMENT SERVICES

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

Qualification of Property Management Enterprises

According to the Regulations on Property Management (《物業管理條例》) promulgated by the State Council on June 8, 2003, taking effect on September 1, 2003 and amended on August 26, 2007, February 6, 2016 and March 8, 2018, companies engaging in property management activities shall be subject to a qualification system.

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

In accordance with the Notice of the General Office of the MOHURD on Effectively Implementing the Work of Canceling the Qualification Accreditation for property management enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》), which was promulgated on December 15, 2017 by the MOHURD and became effective on the same day, the application, change, renewal or re-application of the qualifications of property management enterprises shall no longer be accepted, and the qualifications obtained already shall not be a requirement in any way for property management enterprises to undertake new property management businesses.

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

Regulations on Appointment of the Property Management Enterprises

According to the Civil Code, the property owners can either manage the buildings and the ancillary facilities by themselves, or engage a property service enterprise or other custodians. Property owners are entitled, according to the law, to replace the property service enterprise or other custodians engaged by the developer. Property management enterprises or other custodians shall manage the buildings and the ancillary facilities within the district of the building as entrusted by the owners, and shall be subject to the supervision by the owners.

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

According to the Regulations on Property Management (2018 version), property owners' association, on behalf of the general meeting, can sign the property service contract with the property service enterprise engaged at the general meeting. Before the engagement of a property service enterprise by property owners and a general meeting of the property owners, a written preliminary service contract should be entered into between the property developer and the selected and engaged property service enterprise. The preliminary property service contract may stipulate the contract duration. However, if the property service contract signed by the property owners' association and the property service enterprise comes into force within the term of preliminary property service contract, the preliminary property service contract shall automatically terminate.

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According to the Regulations on Property Management (2018 Revision) 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》) promulgated by the Ministry of Construction on June 26, 2003 and taking effect on September 1, 2003, developer of residential buildings and non-residential buildings in the same property management area shall engage property management enterprises by inviting bid. In case where there are less than three bidders or for small-scale properties, the developer can hire property management enterprises by signing an agreement with the approval of the real estate administrative department of the county people's government where the property is located. Where the developer fails to hire the property service enterprise through a tender and bidding process or hire the property service enterprise by signing agreement without the approval of relevant government authority, the competent real estate administrative department of the local government at the county level or above shall order the developer to make correction within a prescribed time limit, issue a warning and impose a penalty of no more than RMB100,000 on the developer.

According to the Government Procurement Law of the People's Republic of China (《中華人民共和國政府採購法》) which was latest amended on August 31, 2014, public invitation of bids shall be the principal method of government procurement, and the term "government procurement" means the use of fiscal funds by all levels of State authorities, institutions and social organizations to procure goods, projects and services that fall within the catalog for centralized procurement formulated in accordance with the law or that are above the procurement limits.

According to the Implementation Regulations for the Law of the People's Republic of China on Tenders and Bids (《中華人民共和國招標投標法實施條例》) which was latest amended on March 2, 2019, and taking effect on the same day, where the tender invitation and bidding activities of a project required by law to call for tenders violate the provisions of the Tender Law and these Regulations, and have a substantive influence on the outcome of award of tender, if it is impossible to adopt remedial measures to rectify, the tender invitation, bidding, award of tender shall be void, the tender exercise or bid evaluation shall be organized anew pursuant to the law.

In addition, the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Cases of Disputes over Property Management Service (《最高人民法院關於審理物業服務糾紛案件適用法律若干問題的解釋》) (the "**Interpretation**"), which was latest amended on December 29, 2020, stipulates the interpretation principles applied by the court when hearing disputes on specific matters between property owners and property management enterprises. For example, the preliminary property management contract signed by the developer and the property management enterprise according to the relevant laws and regulations, and the property management contract signed by the property owners' association and property management enterprises hired by the general meeting according to the relevant laws and regulations are legally binding on property owners, the people's court shall not support a claim if property owners plead as property owners are not a party to the contract.

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Regulations on Property Management Service Charges

According to the Measures on the Charges of Property Service Enterprise (《物業服務收費管理辦法》) (the “**Measures on the Charges**”), which was jointly promulgated by the NDRC and the Ministry of Construction on November 13, 2003 and came into effect on January 1, 2004, property management enterprises are permitted to charge fees from owners for the repair, maintenance and management of houses and ancillary facilities, equipment and venues and maintenance of the sanitation and order in relevant regions according to the property service contract.

The competent price administration department of the local people’s governments at or above the county level and the competent property administration departments at the same level are responsible for supervising and regulating the fees charged by property management enterprises in their respective administrative regions. The property service fees can be either the government guidance price or market-based price depending on the basis of the nature and features of relevant properties. The specific pricing principles shall be determined by the competent price administration departments and property administration departments of the people’s governments of each province, autonomous region and municipality directly under the Central Government.

Dependent on the agreement between the property owners and property management enterprises, the fees for the property management services can be charged either as a lump-sum basis or a management remuneration basis. The lump-sum basis refers to the charging mode requiring property owners to undertake the fixed property management expenses to property management enterprises who shall enjoy or assume the surplus or deficit. The management remuneration basis refers that property management enterprises may collect its service fee in the proportion or amount as agreed from the property management income in advance, the rest of which shall be exclusively used on the items as stipulated in the property service contract, and property owners shall enjoy or assume the surplus or deficit.

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

According to the Provisions on Clearly Marking the Prices of Property Services (《物業服務收費明碼標價規定》), which was jointly promulgated by the NDRC and the Ministry of Construction on July 19, 2004 and came into effect on October 1, 2004, property management enterprises shall clearly mark the price, as well as state service items and standards and relevant information on services (including the property management services as stipulated in the property management service agreement as well as other services requested by property owners) provided to the owners. If the charging standard changes, property management enterprises shall adjust all relevant information one month before implementing the new

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standard and indicate the date of implementing the new standard. Property management enterprises shall neither use any false or misleading price items or mark prices in a false or misleading manner to commit price fraud, nor charge any fees not clearly specified, other than those expressly marked.

According to the Property Management Pricing Cost Supervision and Examination Approaches (Trial) (《物業服務定價成本監審辦法(試行)》) which was jointly promulgated by the NDRC and the Ministry of Construction on September 10, 2007 and came into effect on October 1, 2007, the competent price administration department of people's government formulates or regulates property service charging standards, the pricing cost of property management services should be the social average cost of community property services as verified by the competent price administration department of the people's government. With the assistance of competent real estate administrative department, competent pricing department is responsible to organize the implementation of the property service pricing cost supervision and examination work. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance on public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

At present, no uniform standard for the government guidance price of fees for property management services has been established at the national level. In accordance with the Circular of the NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》), which was promulgated by NDRC on December 17, 2014 and became effective on the same day, competent pricing departments of each province, autonomous region and municipality directly under the Central Government shall promptly implement relevant procedures to cancel the price control on property services of non-government-supported houses. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for property service fees for government-supported houses, houses under housing reform, old residence communities and preliminary property management service in light of the actual situation. The benchmark and floating range of these government guidance prices vary from region to region. In terms of parking service for residential community, fees charged by property management service providers or parking service companies from property owners or users of residential areas for the providing and management of parking spaces and parking facilities in accordance with the agreed parking service contract.

For example, in Guangdong, according to the Notice of Price Bureau and Housing and Urban Construction Department of Guangdong Province on the Measures of Property Service Fee (《廣東省物價局、廣東省住房和城鄉建設廳關於物業服務收費管理辦法的通知》) (Yue Jia [2010] No. 1), government guidance prices or market-regulated price shall be implemented for charges of property management in light of the nature and characteristics of different properties. The government guidance prices shall be implemented for the charges of property service of a residential property (including self-owned parking space and garages) before the

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establishment of the general meeting of property owners and market-regulated prices shall be implemented for the service fee of villas, residential properties (including self-owned parking space and garages) after the establishment of the general meeting of property owners and other non-residential properties. According to the Notice on Further Standardization on Property Management Services Fees of Guangdong Provincial Development and Reform Commission and Guangdong Provincial Housing and Urban Construction Department (《廣東省發展改革委廣東省住房城鄉建設廳關於進一步規範物業服務收費的通知》) (Yue Fa Gai Jia Ge Han [2019] No. 2897) issued by the Development and Reform Commission of Guangdong Province and the Guangdong Provincial Bureau of Housing and Urban-rural Development which has taken effect on August 1, 2019, the property service charging standards for which government guidance prices are carried out will be determined by the property service companies and the property owners through negotiation, and will no longer be required to report to the local Development and Reform Commission for filing.

According to the Notice of Price Bureau and Housing and Urban Construction Department of Anhui Province on Issuing the Measures on Property Service Fee (《安徽省物價局、安徽省住房和城鄉建設廳關於印發安徽省物業服務收費管理辦法的通知》) (Wan Jia Fu [2014] No. 122) issued by the Price Bureau and Housing and Urban-Rural Construction Department of Anhui Province which has taken effect on November 1, 2014, the government guidance prices shall be implemented for the public management charges, parking fees and garbage fees for decoration and construction work of residential properties, and market-regulated prices shall be implemented for the property management fees of non-residential properties and charges on customized services entrusted by certain homeowners or property users. The difference between residential properties and non-residential properties shall be determined by each municipality.

According to the Measures on Property Service Fee of Properties of Shandong Province (《山東省物業服務收費管理辦法》) issued by Shandong Province People's Government which has taken effect on July 1, 2018, the government guidance prices shall be implemented for the preliminary property management fees and parking fees, and market-regulated prices shall be implemented for the property management fees of residential properties after the establishment of the general meeting of property owners and other non-residential properties.

In Shanghai, in accordance with the Residential Property Management Regulation of Shanghai (《上海市住宅物業管理規定》) issued by Standing Committee of Shanghai Municipal People's Congress which has taken effect on November 1, 2004, amended on November 22, 2018 and December 30, 2020, Shanghai loosened the price control on the local property management market by removing the government guidance prices for residential properties since March 1, 2019. Where property service charges are priced by market, property owners and property management enterprises shall agree on the charges in property management service agreements.

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In Chongqing, according to Measures of Chongqing for the Administration of the Fees for Property Management Services (《重慶市物業服務收費管理辦法》) and the Notice of Chongqing Municipal Bureau of Land and House Administration and Chongqing Price Bureau on the Integral Implementation of Measures of Chongqing for the Administration of the Fees for Property Management Services (《重慶市國土房管局、重慶市物價局關於全面貫徹執行<重慶市物業服務收費管理辦法>的通知》), the government guidance price, within the main districts of Chongqing, is divided into four levels, and the standards of each level differ in contents and qualities of services. Specifically, pursuant to the above regulations, the residential property management services are judged from five aspects, namely (i) basic requirements, including service management procedures and personnel, (ii) maintenance of common area and public facilities, (iii) maintenance of public order, (iv) cleaning and (v) green conservation. Requirements for higher levels are stricter and more comprehensive than those for lower levels. For residential properties with lift, the benchmark price for the first, second, third and fourth level is RMB1.00/sq.m. per month, RMB1.30/sq.m. per month, RMB1.60/sq.m. per month and RMB1.90/sq.m. per month, respectively. For residential properties without lift, the benchmark price for the first, second, third and fourth level is RMB0.60/sq.m. per month, RMB0.85/sq.m. per month, RMB1.10/sq.m. per month and RMB1.35/sq.m. per month. For residence communities more than 40,000 sq.m., the price-float range for each level is 10%. For residence communities no more than 40,000 sq.m., the price-float range for each level is 15%. Particularly, if the service standard of the residential property management service provided by the property management enterprises beyond the highest standard stipulated in the Measures of Chongqing for the Administration of the Fees for Property Management Services, the property service charges are priced by market and the property owners and property management enterprises shall agree on the charges in property management service agreements.

Property Management Service Outsourcing

In accordance with the Regulations on Property Management (2018 Revision) (《物業管理條例(2018年修正)》), a property service enterprise may outsource a specific service within the property management area to a specialized service enterprise, but it shall not outsource all the property management business within such area to third parties.

Parking Service Fees

According to the Guidance on the Planning, Construction and Management of Urban Parking Facilities (《關於城市停車設施規劃建設及管理的指導意見》) (Jian Cheng 2010 No. 74) (jointly promulgated by the MOHURD, the Ministry of Public Security of the PRC and the NDRC and came into effect on May 19, 2010), a licensed management system shall be adopted with market access and exit standards and the open, fair and equitable selection of professional urban parking service enterprises.

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Pursuant to Guidance on Further Improving Charging Policies for Motor Vehicle Parking Service (《關於進一步完善機動車停放服務收費政策的指導意見》) (Fa Gai Jia Ge [2015] No. 2975) (jointly promulgated by NDRC, MOHURD and Ministry of Transport on December 15, 2015 and came into effect on the same day), the fee charged for parking service shall be determined primarily by the market, and the scope of government guidance prices in parking services shall be gradually reduced to encourage the construction of parking facilities by social capital.

According to the Circular of NDRC on the Opinions for Decontrolling the Prices of Some Services (《關於放開部分服務價格意見的通知》) promulgated on December 17, 2014 and became effective on the same day, price control on parking services in residence communities was also cancelled.

Security and Guarding Services

In accordance with Regulation on the Administration of Security and Guarding Services (2020 Revision) (《保安服務管理條例(2020修訂)》) promulgated on October 13, 2009 and became effective on January 1, 2010, and was amended on November 29, 2020, an entity employing security guards by itself shall, within 30 days after the start of security and guarding services, go through the filing formalities in the public security organ of the people's government of the local districted city.

Fire Protection

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》), which was promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021, property management enterprises of residential community shall carry out maintenance and administration of common firefighting facilities within the area under their management, and provide fire safety prevention services.

Proposed PBOC Standards in Controlling the Scale of Interest-Bearing Debts of Property Developers

In August 2020, the MOHURD and the PBOC proposed restrictive rules that limit the growth of real estate companies' interest-bearing debt and financing activities in a symposium jointly held by the agencies (the “**Proposed PBOC Standards**”). The Proposed PBOC Standards lay out three red line standards on debt-to-asset ratio, net gearing ratio and cash to short-term debt ratio applicable to property developers: (i) the pro forma liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall not exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The Proposed PBOC Standards further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than

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15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all.

Recent Changes in Provision of Mortgage Loans to Purchasers of New and Second-Hand Properties

On December 28, 2020, PBOC and China Banking and Insurance Regulatory Commission (the “CBIRC”) jointly promulgated the Notice of PBOC and CBIRC on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《中國人民銀行、中國銀行保險監督管理委員會關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which requires a PRC banking financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such banking financial institution. A relevant banking financial institution will have a transition period of two years or four years to comply with the requirements depending on whether such banking financial institution exceeded 2% of the legal proportion based on the statistical data relating to such banking financial institution as of December 31, 2020. Under the notice, PBOC and CBIRC will have the authority to take measures such as, among other things, imposing additional capital requirements on and reallocating the weight adjustments relating to the risk of real estate assets for banking financial institutions that fail to rectify the proportion requirements within a certain period.

On March 26, 2021, the General Office of CBIRC, the General Office of MOHURD and the General Office of PBOC jointly promulgated the Notice on Preventing the Illegal Flow of Business Loans into Real Estate Market (《關於防止經營用途貸款違規流入房地產領域的通知》), which requires the local counterparts of CBIRC, MOHURD and PBOC to strengthen supervisory inspection on the illegal flow of business loans into real estate market, enhance non-compliance complaint mechanism, and promptly share and jointly investigate clues on such violations. Also, relevant authorities shall consider illegal flow of business loans into real estate market and other related issues as important content of various inspections, strictly enforce relevant obligations in accordance with laws, strengthen joint punishment, and promptly include the information on relevant administrative penalties on enterprises and individuals in the credit reporting system.

On July 13, 2021, the MOHURD and other seven departments jointly promulgated the Notice on Continuous Rectification and Regulation of Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》), which prohibits arbitrage of or assistance on arbitrage of non-housing loans like business loans or consumer loans to use them on purchasing properties.

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Recent Changes in Property Management Service Regulations

On December 25, 2020, MOHURD and several other departments promulgated the Notice of the Ministry of Housing and Urban-Rural Development and Other Departments on Strengthening and Improving the Work of Residential Property Management (《住房和城鄉建設部等部門關於加強和改進住宅物業管理工作的通知》), which aims to strengthen the administration of residential property in the following main aspects: (i) refining the requirements for the performance of duties by the property owners' association and strengthening supervision thereof; (ii) exploring the possibility of establishing a property management committee composed of the neighborhood committees and property owners' representatives to temporarily act on behalf of the property owners' committee where the conditions for setting up a property owners' meeting are not satisfied; (iii) encouraging property service enterprises to establish smart property management service platforms and improve their services by applying technologies such as the Internet of Things, cloud computing, big data, block chain and artificial intelligence; (iv) strengthening the supervision of property management services, establishing unified credit rating criteria and publicity platform and (v) improving the regulation on the use and management of housing maintenance funds.

The Notice on Continuous Rectification and Regulation of Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》), requiring the implementation of policies to highlight the key rectification points and focus on the rectification of real estate development, housing sales, housing leasing and property management services. The key issues in relation to provision of property management services identified in the Regulatory Notice which require rectification and regulation include (i) failing to provide services pursuant to the service scope in the property services contract; (ii) failing to disclose the relevant information, such as fee rates for the property services, information in relation to operation of the common area and the income generated therefrom and the application of maintenance and repair funds; (iii) charging excessive fees than the fees set out in the contract or announced fee rates; (iv) carrying out business activities in the common area without authorization, encroaching or misappropriating income generating from the operation of the common area; and (v) refusing to exit after the property management agreement has legally expired or been terminated without justified reasons.

Recent Changes in Real Estate Tax Reform

On October 23, 2021, the 31st Session of the SCNPC adopted the Decision of the Standing Committee of the National People's Congress on Authorizing the State Council to carry out a Pilot Program of Real Estate Tax Reform in Certain Areas (the "**Tax Decision**"), authorizing the State Council to carry out a pilot program of real estate tax reform in certain areas. The Tax Decision clarifies that the real estate tax is to be imposed on various types of real estate for residential use and non-residential use in urban areas, and that the holders of land use rights and owners of houses are taxpayers of the real estate tax. The Tax Decision authorizes the State Council to formulate specific measures for the real estate tax pilot program, and determine the list of cities for the pilot program and file the record with the

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SCNPC. The Tax Decision also authorizes the people's governments of pilot areas to formulate specific implementing rules. However, as of the Latest Practicable Date, the PRC Government had not yet specified the pilot cities or regions, tax base or rate or other details of the proposed real estate tax based on the Tax Decision and the specific measures and implementing rules for the pilot program have not been promulgated yet.

PRC LAWS AND REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

Our value-added telecommunication services are primarily regulated by the Ministry of Industry and Information Technology (the "MIIT") and the Cyberspace Administration of China (the "CAC")

Licenses for Value-added Telecommunications Services

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "**Telecommunications Regulations**"), promulgated by the State Council on 25 September 2000 and last amended with immediate effect on 6 February 2016, provide the regulatory framework for telecommunications service providers in the PRC. The Telecommunications Regulations classifies telecommunications services into basic telecommunications services and value-added telecommunications services. Providers of value-added telecommunications services are required to obtain a license for value-added telecommunications services. According to the Catalog of Telecommunications Services (《電信業務分類目錄》), attached to the Telecommunications Regulations and last amended by the MIIT on 6 June 2019, information services provided via public communication network or the internet and online data processing and transaction processing services are value-added telecommunications services.

The Administrative Measures for the Licensing of Telecommunications Business (《電信業務經營許可管理辦法》) (the "**Telecom Licensing Measures**") were promulgated by the MIIT on July 3, 2017 and came into effect on September 1, 2017. The Telecom Licensing Measures provide that there are two types of telecommunications operating licenses for operators in the PRC, namely, the license for basic telecommunications services and the value-added telecommunications services (the "**VATS License**"). Telecommunications service providers should apply for a license, which will set out the licensed activities. A licensed value-added telecommunications service provider should conduct its business in accordance with the specifications of its VATS License which has a term of five years and can be renewed 90 days prior to the expiration of the term.

As a subcategory (B25 Information Service) of the value-added telecommunications services, internet information services are regulated by the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "**Internet Measures**"), which was promulgated by the State Council on 25 September 2000 and last amended with immediate effect on 8 January 2011. Internet information services are defined as "services that provide information to online users through the internet." The Internet Measures classifies

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internet information services into non-commercial internet information services and commercial internet information services. Commercial Internet information service providers are required to obtain a license of value-added telecommunications business in Internet information services, from the MIIT or its provincial counterpart before engaging in any commercial Internet information services operations within the PRC. An Internet information services provider should conduct its business in accordance with the specifications approved by the competent authorities.

In addition to the Telecommunications Regulations and the other regulations abovementioned, the provision of commercial internet information services on mobile internet applications is regulated by the Administrative Provisions on Information Services of Mobile Internet Applications (《移動互聯網應用程序信息服務管理規定》), which was promulgated by the CAC on June 28, 2016 and took effective on August 1, 2016. The information service providers of mobile internet applications are subject to requirements under these provisions, including acquiring the qualifications required by laws and regulations and being responsible for information security.

Restrictions on Foreign Investment in Value-Added Telecommunications Services

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), promulgated by the State Council on 11 December 2001 and last amended with immediate effect on 1 May 2022, requires foreign-invested value-added telecommunications enterprises in the PRC to be established as Sino-foreign joint ventures, and foreign investors shall not acquire more than 50% of the equity interest of such an enterprise. In addition, the main foreign investor who invests in such an enterprise shall demonstrate a good track record and experience in such industry. Moreover, the joint ventures must obtain approvals from the MIIT and the MOFCOM, or their authorized local counterparts, before launching the value-added telecommunications business in the PRC.

Pursuant to the Ministry of Information Industry Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the “**MII Notice**”), issued by the MII on 13 July 2006, domestic value-added telecommunications enterprises were prohibited to rent, transfer or sell licenses for value-added telecommunications services to foreign investors in any form, or provide any resources, premises, facilities or other assistance in any form to foreign investors for their illegal operation of any value-added telecommunications business in the PRC.

Circular of Ministry of Industry and Information Technology concerning Lifting Restrictions on the Proportion of Foreign Equity in On-line Data Processing and Transaction Processing Business (for-profit E-commerce) (《工業和信息化部關於放開在線數據處理與交易處理業務(經營類電子商務)外資股比限制的通告》), issued by MIIT on 19 June 2015, releasing the limitation on the proportion of foreign equity in online data processing and transaction processing services (for-profit E-commerce), with the maximum proportion of foreign equity of 100%.

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According to the Negative List, the proportion of foreign investments in an entity engages in value-added telecommunications business (except for E-commerce, domestic multi-party communications, storage-forwarding and call centres) shall not exceed 50%.

PRC LAWS AND REGULATIONS RELATING TO CYBER SECURITY

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

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

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

The Data Security Law (《中華人民共和國數據安全法》) was promulgated on June 10, 2021 and became effective on September 1, 2021. It establishes a data protection system based on the category and security level of the data in terms of its importance for economic and social development and the potential harm caused by illegal use of such data to national security, public interest or rights and interests of individuals and organizations. Competent governmental authorities shall be responsible to formulate lists for “important data.” Higher level of protection shall apply to “national core data” which refers to data that are vital to

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national security, economy, people's livelihood and major public interests. According to the Data Security Law, data activities affecting or likely to affect national security will be subject to national security review under the data security review system. The data relating to safeguarding national security and interests and performance of international obligations shall be subject to export control of China. In addition, the Data Security Law provides that important data processors shall appoint a data security officer and establish a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities. Furthermore, data transaction intermediary service providers shall check the sources of the data, the identities of parties involved in the data transactions and keep records accordingly. Violation of Data Security Law may subject the relevant entities or individuals to warning, fines, suspension of business for rectification, revocation of permits or business licenses, and/or even criminal liabilities. According to the Data Security Law, the maximum monetary fine imposed on the breaching party is RMB10 million. Since the Data Security Law is relatively new, uncertainties still exist in relation to its interpretation and implementation.

For purposes of ensuring the security of the supply chain for critical information infrastructure, guaranteeing the cyber security and data security and safeguarding national security, the Measures for Cyber Security Review (the “**Cybersecurity Review Measures**”) (《網絡安全審查辦法》) was amended by the CAC, the NDRC, the MIIT, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance (the “**MOF**”), the MOFCOM, the People's Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the National Administration of State Secrets Protection and the State Cryptography Administration on December 28, 2021 and took effect on February 15, 2022. The Cybersecurity Review Measures specifies that the procurement of network products and services by operator of critical information infrastructure and the activities of data process carried out by online platform operator that raise or may raise “national security” concerns are subject to cyber security review by Office of Cyber Security Review established by the CAC. Before such critical information infrastructure operator purchases internet products and services, it should assess the potential risk of national security that may be caused by the use of such products and services. If such use of products and services may give raise to national security concerns, it should apply for a cyber security review by the Cyber Security Review Office and a report of analysis of the potential effect on national security shall be submitted when the application is made. In addition, online platform operators that possess the personal data of at least one million users must apply for a cybersecurity review by the Cyber Security Review Office before “foreign” listing (國外上市). The Cybersecurity Review Office may voluntarily conduct cyber security review if any network products and services, activities of data process or listing of companies overseas affects or may affect national security. Pursuant to the Cybersecurity Review Measures, any violation shall be punished in accordance with the Cyber Security Law and the Data Security Law of the PRC, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties, suspension of non-compliant operations.

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The cyber security review focuses on the assessment of risk related to procurement activities, data process and listing of companies overseas and the major factors that are taken into consideration includes (i) the risk of critical information infrastructure being illegally controlled, interfered or destroyed as a result of the use of the products or services; (ii) the continuous harm to the business of critical information infrastructure by the interruption of provision of products or services; (iii) the security, openness, transparency, diversity of sources, reliability of supply and potential supply interruptions of products and services due to political, diplomatic or international trade issues; (iv) whether the products and services provider comply with PRC laws and regulations; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, illegally utilized or exited the country; (vi) the risk that critical information infrastructure, core data, important data or a large amount of personal information will be affected, controlled, or maliciously utilized by foreign governments after listing overseas and the risk of internet information security; and (vii) other factors that may endanger the security of critical information infrastructure, cyber security, and data security. It may take approximately 70 business days in maximum for the general cyber security review upon the delivery of their applications, which may be subject to extensions for a special review. According to our consultation with the Cybersecurity Review Office, it is understood that “foreign listing” does not include listing in Hong Kong. Nevertheless, the exact scope of operator under the Cybersecurity Review Measures and the current regulatory regime remains unclear, and the PRC governmental authorities may have wide discretion in the interpretation and enforcement of these laws. Article 16 of the Cybersecurity Review Measures provides that the cyber security review work mechanism can initiate cybersecurity review if it considers that a network product or service or a data processing activity will or may affect national security. As of the Latest Practicable Date, the Group has not been informed by CAC to any requirement to file for approval for this Listing.

In addition, CAC had promulgated the Measures for the Security Assessment of Outbound Data (《數據出境安全評估辦法》) on July 7, 2022, which will become effective from September 1, 2022, and the Administration Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “Draft Cyber Data Security Regulation”) on November 14, 2021. The Draft Cyber Data Security Regulation requires the data processors that carry out the following activities to apply for cybersecurity review in accordance with the relevant laws and regulations: (i) the merger, reorganization or division of internet platform operators that have gathered a large number of data resources related to national security, economic development and public interests affects or may affect national security; (ii) the listing of the data processor in foreign countries process the personal information of more than one million individuals; (iii) the listing of the data processor in Hong Kong affects or may affect the national security; and (iv) other data processing activities that affect or may affect national security. In addition, the Draft Cyber Data Security Regulation also regulates other specific requirements in respect of the data processing activities conducted by data processors in the view of personal information protection, important data safety, data cross-border safety management and obligations of internet platform operators. The processors of important data or data processors who are listed overseas shall carry out data security assessments by themselves or by entrusting data security service agencies every year, and

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submit the previous year's data security assessment report to the cyberspace administration at the districted city level before January 31 of each year. When providing overseas data collected and generated within the PRC, if such data includes important data, or if the data processor is a critical information infrastructure operator or processes personal information of more than one million individuals, or such data amounts to more than 100,000 individuals' personal information or 10,000 individuals' sensitive personal information since January 1 of the previous year, the data processors shall go through the security assessment of data cross-border transfer organized by the national cyberspace administration. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties. As of the Latest Practicable Date, the Draft Cyber Data Security Regulation has not been formally adopted, some provisions in the Draft Cyber Data Security Regulation are still unclear, such as no explanation or interpretation for what kind of data will be considered as impacting national security is still subject to clarification, and are still subject to the finalization or clarifications by relevant authorities.

PRC LAWS AND REGULATIONS RELATING TO INTERNET PRIVACY

In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. PRC law does not prohibit Internet information service providers from collecting and analyzing personal information from their users. However, the Internet Measures prohibits an internet content provision operator from insulting or slandering a third party or infringing the lawful rights and interests of a third party.

The Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), promulgated by the MIIT on 29 December 2011 and became effective on 15 March 2012, stipulates that internet information service providers must not, without user consent, collect user personal information, which is defined as user information that can be used alone or in combination with other information to identify the user, and may not provide any such information to third parties without user's consent. Internet information service providers may only collect user personal information necessary to provide their services and must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information. In addition, an internet information service provider may only use such user personal information for providing the service. Internet information service providers are also required to properly keep users' personal information, and take immediate remedial measures if user's personal information is or is likely to be disclosed. If the consequences of any such disclosure are expected to be serious, internet information service providers must immediately report the incident to the telecommunications regulatory authority and cooperate with the authorities in their investigations.

On 16 July 2013, the MIIT issued the Provisions on the Protection of Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》). Most requirements under the said Provisions that are relevant to internet information service providers are consistent with pre-existing requirements but the requirements under the

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Provisions are more stringent and have a wider scope. If an internet information service provider wishes to collect or use personal information, it may do so only if such collection is necessary for the services it provides. Further, it must disclose to its users the purpose, method and scope of any such collection or use, and must obtain consent from its users whose information is being collected or used. Internet information service providers are also required to establish and publish their rules relating to personal information collection or use, keep any collected information strictly confidential, and take technological and other measures to maintain the security of such information. Internet information service providers are required to cease any collection or use of the user personal information, and de-register the relevant user account, when a given user stops using the relevant internet service. Internet information service providers are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such information unlawfully to other parties.

On May 28, 2020, the National People's Congress issued the Civil Code, which takes effect from January 1, 2021. The Civil Code requires that personal information of a natural person shall be processed under the principles of lawfulness, justification and necessity, shall not be excessively processed, and shall meet the following conditions: (1) The consent of the natural person or his or her guardian is obtained, unless as otherwise prescribed by laws and administrative regulations; (2) The rules for information processing are published; (3) The purpose, method, and scope of information processing are explicit; (4) The provisions of laws and administrative regulations and the agreement between both parties are not violated. It clarifies that a natural person has the right to access or reproduce his or her personal information from the information processor; and upon discovery of any error in the information, he or she has the right to raise an objection and request correction and other necessary measures to be taken in a timely manner. The Civil Code also stipulates that information processors shall take technical measures and other necessary measures to ensure the security of the personal information collected and stored thereby and prevent information leakage, tampering, and loss.

On August 20, 2021, the SCNPC issued the Personal Information Protection Law (《中華人民共和國個人信息保護法》), which takes effect from November 1, 2021. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (1) the individual's consent has been obtained; (2) the processing is necessary for the conclusion or performance of a contract to which the individual is a party or is necessary for carrying out human resources management pursuant to the labor rules and regulations formulated according to the law or the collective contracts signed according to the law; (3) the processing is necessary to fulfill statutory duties and statutory obligations; (4) the processing is necessary to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (5) the personal information that has legally been made public by the relevant individual or otherwise is processed within a reasonable scope; (6) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (7) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. No organization or individual may illegally

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collect, use, process or transmit personal information, illegally buy or sell, provide or make personal information public, or engage in the processing of personal information that endangers the national security or public interests. The Personal Information Protection Law clarifies the definition of “Sensitive Personal Information,” which means personal information that, once leaked or illegally used, may give rise to discrimination against individuals or seriously endanger personal or property security, including information on biometrics, religious beliefs, specific identity, medical health, financial accounts, and personal whereabouts, among others. To process sensitive personal information based on an individual’s consent, a personal information processor shall obtain the separate consent from the individual. Where any law or administrative regulation provides that written consent shall be obtained for processing sensitive personal information, such provision shall prevail. In terms of cross-border transmission of personal information, pursuant to the Personal Information Protection Law, a personal information processor, providing personal information to any party outside the territory of the PRC, shall notify individuals of the overseas recipient’s identity, contact information, processing purposes, processing methods, categories of personal information, the methods in which individuals exercise the rights over the overseas recipient, and other matters, and obtain individuals’ separate consent. Furthermore, critical information infrastructure operators and the personal information processors that process the personal information reaching or exceeding the threshold specified by the national cyberspace administration in terms of quantity shall store domestically the personal information collected and generated within the territory of the PRC. Where it is truly necessary to provide the information abroad, the security assessment organized by the national cyberspace administration shall be passed, unless otherwise regulated by laws, administrative regulations, or provisions issued by the national cyberspace administrative authorities. The Personal Information Protection Law provides that if an overseas organization or individual engages in personal information processing activities that damage the rights and interests relating to personal information of citizens of the PRC or compromise national security or public interests of the PRC, the national cyberspace administration may include it or him in a list of those the provision of personal information to whom is restricted or prohibited, make an announcement, and take measures such as restricting or prohibiting the provision of personal information to it or him.

The Cyber Security Law requires that personal information collected and produced by critical information infrastructure operators during their operations within the territory of the People’s Republic of China shall be stored within China. If it is indeed necessary to provide such data to overseas parties due to business requirements, security assessment shall be conducted. The Cyber Security Law imposes certain data protection obligations on network operators, including that network operators shall follow the principles of legality, rightfulness and necessity when collecting and using personal information; network operators may not divulge, tamper with, or damage users’ personal information that they have collected, and are obligated to delete unlawfully collected information and to amend incorrect information; network operators shall take technical measures and other necessary measures to ensure the security of personal information collected by them, and prevent information leakage, damage and loss; network operators may not provide users’ personal information to others without consent. Moreover, if personal information has been or is likely to be divulged, damaged or lost, the network operator has the obligation to report the event to the competent department.

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

The Method for Identifying the Illegal Collection and Use of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》) (the “**Method**”) issued by the CAC, MIIT, MPS and SAMR takes effect from November 28, 2019. The Method provides a detailed list of what practices will be considered as (1) non-disclosure of collection and use rules; (2) failure to expressly state the purpose, method and scope of personal information collection and use; (3) collecting or using personal information without the consent of users; (4) collecting personal information unrelated to the services which personal information processors provide in violation of the principle of necessity; (5) providing others with personal information without the consent of users; (6) failure to provide the function of deleting or correcting personal information or failure to disclose the method of complaints and reports.

PRC LAWS AND REGULATIONS RELATING TO ESTATE BROKERAGE BUSINESS

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) (Order No. 29 of the President), which was promulgated on 5 July 1994, came into effect on 1 January 1995 and revised on 30 August 2007, 27 August 2009 and 26 August 2019, real estate intermediate service agencies include real estate consultants, real estate evaluation agencies, real estate brokerage agencies, etc. Real estate intermediate agencies shall meet the following conditions: (1) have their own name and organization; (2) have a fixed business site; (3) have the necessary assets and funds; (4) have a sufficient number of professionals; (5) have other conditions specified by laws and administrative regulations. According to the Administrative Measures for Real Estate Brokerage (《房地產經紀管理辦法》) (Order No. 8 of the MOHURD, the NDRC and the Ministry of Human Resources and Social Security (“**MOHRSS**”)), which was promulgated on 20 January 2011, came into effect on 1 April 2011 and revised on 1 March 2016, came into effect on 1 April 2016, real estate brokerage refers to the acts of providing intermediary and agency services to and collecting commissions from clients by real estate brokerage institutions and real estate brokers for the purpose of promoting real estate transactions. Sufficient number of real estate agents shall be equipped to establish real estate brokerage agencies and their branches. Real estate brokerage agencies and their branches shall go to the competent construction (real-estate) supervising department of the local municipality/city/county for handling the filing formalities within 30 days from the date of receiving business licenses.

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PRC LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL WELFARE

According to Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and was amended on August 27, 2009 and December 29, 2018, employers shall develop and improve their rules and regulations in accordance with the law to ensure that workers enjoy their labor rights and perform their labor obligations. Employers shall develop and improve the system of labor safety and sanitation, strictly implement the national protocols and procedures on labor safety, guard against labor safety accidents and reduce occupational hazards. Labor safety and sanitation facilities shall meet the relevant national standards. Employers must provide workers with necessary labor protection equipment that meets the safety and hygiene conditions stipulated under national regulations by the State, and conduct regular health checks for workers who engage in operations with occupational hazards. Laborers engaged in special operations must have received specialized training and obtained qualifications for special operations.

According to Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007, came into effect on January 1, 2008, and was amended on December 28, 2012, and the Implementation Regulations on Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated and became effective on September 18, 2008, employers and employees shall enter into written labor contracts to establish their employment relationship. The labor contracts shall set forth the terms, duties, remunerations, disciplinary rules of the employment and conditions to terminate the labor contracts. With respect to a circumstance where a labor relationship has already been established but no formal contract has been made, a written labor contract shall be entered into within one month from the date when the employee begins to work. Meanwhile, it is stipulated that labor contracts must be concluded in a written form, upon reaching an agreement after due negotiation, an employer and an employee may enter into a fixed-term labor contract, a non-fixed-term labor contract or a labor contract that concludes upon completion of certain work assignments. After reaching an agreement upon due negotiation with employees or by fulfilling other circumstances in line with legal conditions, an employer may legally terminate a labor contract and dismiss its employees.

According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) (Order No. 22 of the Ministry of Human Resources and Social Security), which was promulgated on January 24, 2014 and came into effect on March 1, 2014, employers may use dispatched laborers only for temporary, auxiliary or substitutable positions. And the employer shall strictly control the number of dispatched laborers which shall not exceed 10% of the total number of its workers.

According to the Social Security Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, came into effect since July 1, 2011, and was amended on December 29, 2018, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), the Regulations on Work Injury Insurance (《工傷保險條

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例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), the employer shall register with the social insurance authorities and contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers.

Employers who fail to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the amount in arrears.

According to the Plan on Deepening Institutional Reformation of Party and Government (《深化黨和國家機構改革方案》), the governing agency of social insurance contribution (including but not limited to the basic pension insurance, basic medical insurance, work-related injury insurance and unemployment insurance) will be changed to tax authority. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) (Shui Zong Ban Fa [2018] No. 142) promulgated by the General Office of the State Administration of Taxation on September 13, 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) (Ren She Ting Han [2018] No. 246) promulgated by the General Office of the Ministry of Human Resources and Social Security and became effective on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) (Shui Zong Fa [2018] No. 174) promulgated by the State Administration of Taxation on November 16, 2018, repeated that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

The Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發<降低社會保險費率綜合方案>的通知》) (Guo Ban Fa [2019] No. 13), promulgated by the General Office of the State Council on April 1, 2019, requires to steadily advance the reform of the system of social security collection. The Notice on Implementation of the Comprehensive Plan for Reducing Social Insurance Contribution Rates (《關於貫徹落實<降低社會保險費率綜合方案>的通知》), promulgated by the Ministry of Human Resources and Social Security, MOF, State Administration of Taxation and National Healthcare Security Administration on April 28, 2019, implements the Comprehensive Plan for Reducing Social Insurance Contribution Rates. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees

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shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of the reform of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprise.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999, and became effective on the same day, and was amended on March 24, 2002 and March 24, 2019, employers shall undertake registration at the competent administrative center of housing fund and then, upon the verification by such administrative center of housing fund, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its employees. The employer shall timely pay up and deposit housing provident fund contributions in full amount and late or insufficient payments shall be prohibited. The employer shall process housing provident fund payment and deposit registrations with the housing provident fund administration center. With respect to companies who fail to process housing provident fund registrations or open housing provident fund accounts for their employees, such companies shall be ordered by the housing provident fund administration center to complete such procedures within a prescribed time limit; where failing to do so by the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. When an employer fails to pay up housing provident fund contributions in full amount as due, the housing provident fund administration center shall order it to pay up within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

PRC LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Trademark

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, taking effect on March 1, 1983 and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, and the Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was promulgated by the State Council on August 3, 2002, amended on April 29, 2014, and went into effect on May 1, 2014. The trademark office of China National Intellectual Property Administration under the SAMR handles trademark registration and grants registered trademarks for a validity period of 10 years. Trademarks may be renewable every ten years where a registered trademark needs to be used after the expiration of its validity period. Trademark registrants may license, authorize others to use their registered trademark by signing up a trademark license contract. For trademarks, trademark law adopts the principle of “prior application” with respect to trademark registration. Where a trademark under registration application is identical with or similar to another trademark that has, in respect of

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the same or similar commodities or services, been registered or, after preliminary examination and approval, this application for such trademark registration may be rejected. Anyone applying for trademark registration shall not prejudice the existing right first obtained by anyone else, or forestall others by improper means in registering a trademark which others have already begun to use and enjoyed certain degree of influence.

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, came into effect on June 1, 1991 and was amended on October 27, 2001, February 26, 2010 and November 11, 2020, and came in force on June 1, 2021, specifies that works of Chinese citizens, legal persons or other organizations, including literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, shall enjoy the copyright. Copyright holder can enjoy multiple rights, including the right of publication, the right of authorship and the right of reproduction.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contract and transfer contracts of software copyright. The National Copyright Administration is primarily responsible for the registration and management of national software copyright and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (《計算機軟件保護條例》) which was promulgated by the State Council on December 20, 2001, came into effect on January 1, 2002 and was amended on January 8, 2011 and January 30, 2013.

Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984 and currently effective from June 1, 2021, the State Intellectual Property Office is responsible for administering patent law in the PRC. The patent administration departments of provincial, autonomous region or municipal governments are responsible for administering patent law within their respective jurisdictions. The Chinese patent system adopts a first-to-file principle, which means that when more than one person files different patent applications for the same invention, only the person who files the application first is entitled to obtain a patent of the invention. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. The protection period is twenty years for an invention patent and ten years for a utility model patent and fifteen years for a design patent, commencing from their respective application dates.

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Domain Name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, the MIIT is responsible for managing Internet network domain names of China. The principle of “first to-file” is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with the true, accurate and complete information about the domain name holder’s identity for the registration purpose, and sign the registration agreements. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

PRC LAWS AND REGULATIONS RELATING TO TAX

Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”), which was promulgated by the National People’s Congress on March 16, 2007 and came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, and the Implementation Regulations on the EIT Law (《企業所得稅法實施條例》) which was issued by the State Council on December 6, 2007, came into effect on January 1, 2008, and was amended on April 23, 2019, the tax rate of 25% will be applied to the income related to all PRC enterprises, foreign-invested enterprises and foreign enterprises which have established production and operation facilities in the PRC. These enterprises are classified into as either resident enterprises or non-resident enterprises. Enterprises which are established in accordance with the law of the foreign country or region, but whose actual management institutions (referring to the institutions conducting substantive and all-around management and control over the enterprises production, operation, personnel, accounting matters, finance, etc.) are in PRC, are deemed as resident enterprise. Thus, the tax rate of 25% applies to their income originating from both inside and outside the PRC.

According to the EIT Law and the Implementing Regulations of the EIT Law, for dividends payable to investors who are non-resident enterprises (who do not have institutions or places of business in the PRC, or that have institutions and places of business in PRC but to whom the relevant income tax is not effectively connected), 10% of the PRC withholding tax shall be paid, unless there are any applicable tax treaties are reached between the jurisdictions of non-resident enterprises and the PRC which may reduce or provide exemption to the relevant tax. Similarly, any gain derived from the transfer of shares by such investor, if such gain is regarded as income derived from sources within the PRC, shall be subject to 10% PRC income tax rate or a lower tax treaty rate (if applicable).

The PRC Government and the government of Hong Kong entered into the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Arrangement**”) on August 21, 2006 and implemented the Arrangement since December 8,

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2006. According to the Arrangement, if the beneficiary of the dividends is a Hong Kong resident enterprise, which directly holds no less than 25% equity interests in a PRC company, the tax levied shall be 5% of the distributed dividends. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if such Hong Kong resident holds less than 25% of the equity interests in the PRC company.

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

Value-added Tax

According to the Temporary Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated on December 13, 1993 by the State Council, came into effect on January 1, 1994 and was amended on November 10, 2008 and February 6, 2016 and November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the MOF on December 25, 1993, became effective on the same day and was amended on December 15, 2008 and October 28, 2011 (collectively, the "VAT Law"), taxpayers who engaged in the sale of goods, the provision of processing, repairing and replacement services, leasing service of tangible movable property or import goods within the territory of the PRC shall pay value-added tax. Except as otherwise provided in the VAT law, tax rate for selling services or intangible assets is 6%.

Furthermore, in accordance with the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《關於全面推開營業稅改徵增值稅試點的通知》), promulgated by the MOF and The State Taxation Administration (the "SAT") on March 23, 2016 and taking effect on May 1, 2016, the state started to fully implement the pilot program from business tax to value-added tax since May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and shall pay value-added tax instead of business tax.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, taking effect on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service

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related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless prior approval from the State Administration of Foreign Exchange (the “SAFE”) is obtained.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE on June 9, 2016 and came into effect on the same day, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign currency capital and foreign debts) may convert from foreign currency into RMB on self-discretionary basis. The RMB funds obtained by a domestic entity from its discretionary settlement of foreign exchange receipts under the capital account shall be included in the account pending for foreign exchange settlement and payment. The Notice reiterates the principle that RMB converted from foreign currency capital may not directly or indirectly used for purpose beyond its business scope and investments in securities or investment or wealth management products with the exception of bank’s principal-secured products. The ratio of the discretionary exchange rate of foreign exchange receipts under domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due time according to the balance of payment status.

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

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) (Hui Fa [2020] No. 8) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct ex post checking in accordance with the relevant requirements.

Pursuant to the Circular on Further Simplifying and Improving the Direct Investment related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) (“**Circular 13**”), which was promulgated by the State Administration of Foreign Exchange on February 13, 2015 and became effective on June 1, 2015 and was amended on December 30, 2019, the foreign exchange registration under

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domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

HONG KONG LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN HONG KONG

Property Management Services Ordinance

The Property Management Services Ordinance (Chapter 626 of the Laws of Hong Kong) (the “PMSO”) establishes the Property Management Services Authority (“PMSA”), a statutory authority which has implemented the licensing regime of property management companies and property management practitioners to provide property management services since August 1, 2020. For the implementation of a mandatory licensing regime, minimum qualification requirements are set for property management companies (“PMCs”) and property management practitioners who take up a supervisory or managerial role in a PMC in relation to property management services provided by that PMC (“PMPs”). Under the regime, PMSA is empowered to enforce the PMSO, issue codes of conduct, and take disciplinary actions against PMCs and PMPs committing disciplinary offenses for regulating and controlling the provision of property management services.

Property management services are defined in the PMSO to refer to services prescribed by the PMSA falling within the following categories: (i) general management services relating to a property; (ii) management of the environment of a property; (iii) repair, maintenance and improvement of a property; (iv) finance and asset management relating to a property; (v) facility management relating to a property; (vi) human resources management relating to personnel involved in the management of a property; and (vii) legal services relating to the management of a property.

The licensing regime is divided into two parts: (i) a single tier mandatory licensing regime for PMCs providing properties (subject to deeds of mutual covenants) in Hong Kong with more than one category of property management services under the PMSO; and (ii) a two-tier licensing regime for PMPs, namely PMP (Tier 1) and PMP (Tier 2) with more stringent criteria being required for holding a PMP (Tier 1) license.

The PMSA will maintain a public register of licensees and issue codes of conduct as practical guidance to licensees to encourage conformance to a set of industry standards. The PMSA may also make regulations on: (i) the information to be contained in, and the documents to accompany, an application for a license or the renewal of a license; (ii) the fees payable in an application for a license or the renewal of a license; (iii) the criteria for holding a license; (iv) the fees payable for the issue of a license or renewed license; and (v) the conditions that may be imposed on a license or renewed license.

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There is prescribed information specified by the PMSA which PMC licensees must provide to their clients, which may include the PMC's financial information and any conflict between the interests of the PMC and the interests of the PMC's clients. To facilitate the property management industry to adapt to the new regime, the first three years (i.e. from August 1, 2020 to July 31, 2023) after the implementation of the licensing regime is a transitional period (the "**Transitional Period**") during which anyone acting as a PMC or PMP is not required to be licensed. After the Transitional Period, under the PMSO, it is a criminal offense for a PMC or a PMP to practice without a license. The PMSA may also conduct investigations and make disciplinary orders against licensees for disciplinary offenses. The PMSA may request information and documents from any person who may be able to assist in an investigation, and require that person to attend before an investigator to answer questions or respond to any written question relevant to the investigation. Failure to cooperate with the PMSA without reasonable excuse is also a criminal offense under the PMSO.

During the Transitional Period, anyone meeting the relevant criteria may voluntarily apply for a license. PMPs who do not meet the criteria for academic and/or professional qualifications but possess the specified work experience may apply for a provisional PMP license. While anyone acting as a PMC or a PMP without the relevant license will not be prosecuted during the Transitional Period, the PMSO prohibits, both during and after the Transitional Period, anyone without the relevant license from:

- (i) claiming to be a licensed PMC or a licensed PMP; or
- (ii) describing himself or herself as a "registered professional property manager" or "licensed property management officer" or using a title in any language that so closely resembles the said two designations as to be capable of deceiving or misleading any person into believing that the person is a licensee.

After the Transitional Period, any business entity carrying on the business of providing more than one category of property management services must hold a PMC license, and any individual assuming a managerial or supervisory role in a PMC in relation to property management services provided by that PMC must hold a PMP license.

Security and Guarding Services Ordinance

The Security and Guarding Services Industry Authority was established by the Security and Guarding Services Ordinance (Chapter 460 of the Laws of Hong Kong) (the "**SGSO**") on 1 June 1995.

Under Section 11 of the SGSO, no person other than a company acting under and in accordance with a license issued in accordance with the SGSO shall supply, agree to supply, or hold itself out as supplying any individual to do security work for another person for reward. Under Schedule 2 of the Security and Guarding Services (Licensing) Regulation, there are three types of security work in which a company holding a license may perform: (i) the provision of security guarding services, (ii) the provision of armored transportation services and (iii) installation, maintenance or repairing of a security device or designing (for any particular premises or place) a security system incorporating a security device.

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Inland Revenue Ordinance

As we carry out business in Hong Kong, we are subject to the profits tax regime under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**IRO**”). The IRO is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of person, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, the standard profits tax rate for corporations was at 8.25% on assessable profits up to HK\$2,000,000; and 16.5% on any part of assessable profits over HK\$2,000,000. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

HONG KONG LAWS AND REGULATIONS IN RELATION TO EMPLOYEES

Employment Ordinance

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the “**EO**”) regulates the general conditions of employment and employment agencies and matters connected therein in Hong Kong. It provides for various employment-related benefits and entitlements to employees. All employees covered by the EO, irrespective of their hours of work, are entitled to protection including payment of wages, restrictions on wages deductions and the granting of statutory holidays. Employees who are employed under a continuous contract are further entitled to such benefits as rest days, paid annual leave, sickness allowance, severance payment and long service payment.

Employees’ Compensation Ordinance

The Employee’s Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the “**ECO**”) establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or deaths caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. Under the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents. According to section 40 of the ECO, all employers are required to take out insurance policy to cover their liabilities for injuries at work in respect of all employees (including full-time and part-time employees) for an amount not less than the applicable amount specified under the ECO. An employer who fails to comply with the ECO to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK\$100,000) and to imprisonment for two years, and on summary conviction to a fine at level 6 (currently at HK\$100,000) and to imprisonment for one year.

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Minimum Wage Ordinance

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the “MWO”) provides for a prescribed minimum hourly wage rate (currently set at HK\$37.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (except those specified under section 7 of the MWO). A provision of a contract of employment that purports to extinguish or reduce any right, benefit or protection conferred on the employee by the MWO is void.

Mandatory Provident Fund Schemes Ordinance

The Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) (the “MPFSO”) provides for, inter alia, the establishment of a system of privately managed, employment related mandatory provident fund schemes for members of the workforce to accrue financial benefits for retirement. Subject to the minimum and maximum relevant income levels, it is mandatory for both employers and their employees to contribute 5% of the employee’s relevant income to the mandatory provident fund scheme. Currently, the minimum and maximum relevant income levels for employees who are paid monthly are HK\$7,100 and HK\$30,000 respectively. Further, employers are obliged to enroll their employees aged 18 to 65 to a Mandatory Provident Fund Scheme within the first 60 days of his or her employment.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a leading service provider in community, commercial and urban spaces in China. The history of our Company could be dated back to 1990 when the property service business unit of China Vanke commenced to provide residential property services in China as a pioneer. Our Company was established in February 2001. As of March 31, 2022, (i) the aggregate GFA under management of the residential properties under our property services was approximately 670.2 million sq.m.; and (ii) we offered property and facility management services in China and Hong Kong, covering 1,650 projects with an aggregated GFA of over 135 million sq.m. under management.

With more than 30 years of experience and capabilities, we actively take part in the “smart city” initiative of the PRC Government and endeavor to empower urban space operation with cutting-edge technologies and innovative managerial solutions. As of March 31, 2022, we had an extensive portfolio of 52 urban space integrated services projects across 32 cities.

Combining our deep expertise in services in community, commercial and urban spaces and strong technological capabilities, together with our culture of sharing success and embracing change, we differentiate ourselves from our competitors in our ability to provide AIoT and BPaaS solutions to deliver tangible value for corporate and institutional clients and create new growth momentum. Our capability in developing our technology infrastructure and system has enabled us to continuously strengthen our services in community, commercial and urban spaces.

BUSINESS DEVELOPMENT MILESTONES

The following sets out the summary of our key business development milestones:

Year	Milestone(s)
1990	The property service business unit of China Vanke commenced to provide residential property services in Shenzhen Tianjing Garden (深圳天景花園), China as a pioneer.
1992	Shenzhen Vanke Service Co., Ltd. (“ Shenzhen Vanke Service ”), a then subsidiary of China Vanke, was established and commenced to provide residential property services.
1996	The property management business unit of China Vanke won the bid for the Shenzhen Ludancun (深圳鹿丹村) property service project, the first ever public bidding in the property service industry in China. China Vanke obtained the first internationally recognized ISO9002 certification amongst market participants of the property service industry in China.
2001	Our Company was established. We were one of the first batch of enterprises granted with the First-class Qualification Certification for Property Service Enterprise (物業服務企業資質證書一級) by MOHURD.
2011	We were ranked 1st among the Top 100 Comprehensive Strength Property Service Companies in China (全國物業服務企業綜合實力百強) by China Property Service Institute (中國物業管理協會).
2012	“Fortune Depot” (幸福驛站) was firstly launched at Vanke Lanshan Garden (萬科藍山花園) to introduce value-added services.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone(s)
2013	<p>We launched “Zhuzher”, a community-based mobile app exclusively designated for our residents and other Internet users, such as property owners, merchants and service providers to connect.</p> <p>We launched our proprietary customer relationship management system and calling center.</p>
2017	<p>We were ranked 1st among the Brand Value of Property Service Companies in China (中國物業管理企業品牌價值) by China Real Estate Association (中國房地產業協會) and China Real Estate Appraisal Center (中國房地產測評中心) consecutively for 2017 and 2018.</p> <p>We were ranked 1st among the Leading Brand for Service Quality of China Property Service Companies (中國物業服務質量領先品牌) by Development Research Center of the State Council (國務院發展研究中心), Center for Real Estate of Tsinghua University (清華大學房地產研究所) and China Index Academy.</p>
2018	<p>We announced our business strategy of “Developing Residential and Commercial Property Services Concurrently” (住宅商企•兩翼齊飛).</p> <p>We collaborated with Zhuhai Da Heng Qin Group Co., Ltd. (珠海大橫琴集團有限公司), a state-owned enterprise to launch the 1st city governance ecosystem of “city-as-a-property (物業城市)” in China.</p> <p>We launched <i>Pulin</i> for the provision of our home sale and rental brokerage services.</p> <p>We were ranked 1st consecutively among the Brand Value of Property Service Companies in China by China Real Estate Association and China Real Estate Appraisal Center.</p> <p>We were the 1st property service company with annual revenue exceeding RMB10 billion in China.</p> <p>We were converted into a joint stock limited company.</p>
2020	<p>We launched the brand <i>Cushman & Wakefield Vanke Service</i>, with Cushman & Wakefield Pacific Holdings Limited (“Cushman & Wakefield”).</p> <p>We announced our business strategy focusing on the growth model built upon the synergy of businesses across community, commercial and urban spaces.</p> <p>We established <i>City Up</i> as our urban space operation brand.</p>
2021	<p>We established our digital operation center in Wuhan, China to further strengthen our capability in remote operation.</p>

MAJOR CORPORATE DEVELOPMENT

Our Company

1. Establishment of our Company

On February 20, 2001, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB5 million. The shareholding structure of our Company upon establishment was as follows:

Name of Shareholder	Percentage of shareholding in our Company
China Vanke	90%
Shenzhen Vanke Financial Consulting Co., Ltd. (深圳市萬科財務顧問有限公司) (“ Vanke Financial Consulting ”).	10%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon the transfer of 10% shareholding of our Company from Vanke Financial Consulting to China Vanke in March 2011, we became a wholly-owned subsidiary of China Vanke and since then, we underwent a series of capital injections from April 2011 up to September 2014, after completion of which we remained as a wholly-owned subsidiary of China Vanke with a registered capital of RMB419 million.

2. Employee Stock Ownership Plan

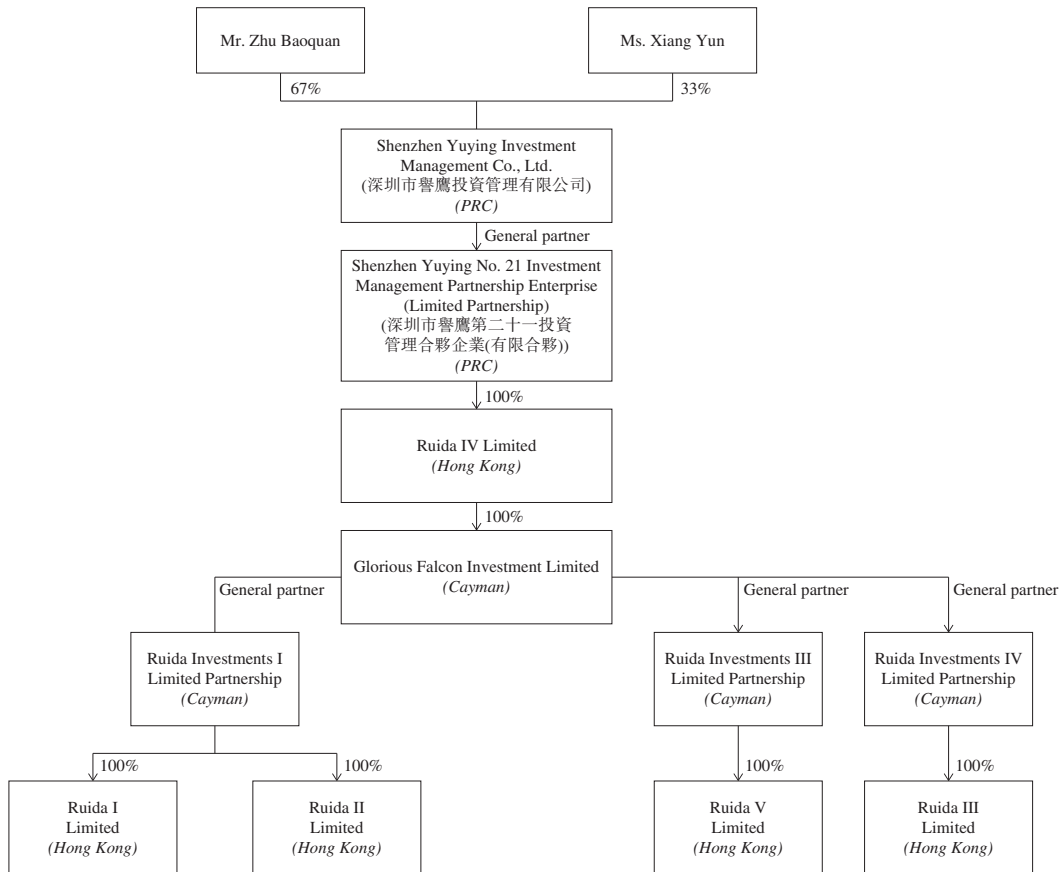
In June 2015, China Vanke introduced and adopted an internal business partnership scheme (事業合夥人機制) for employees of its property service business, being our Company, to attract and retain talents and to enhance our Company's competitiveness for long-term development. As of the Latest Practicable Date, the business partnership scheme has been further amended and consolidated as the employee stock ownership plan of our Company (the "**Employee Stock Ownership Plan**"). Ruida I Limited, Ruida II Limited (formerly known as WkGrowth Limited), Ruida III Limited, Ruida IV Limited and Ruida V Limited were established as our offshore Employee Shareholding Platforms.

Ruida I Limited agreed to subscribe for our registered capital of RMB23,277,778 by capital injection at a consideration equivalent to RMB113,806,070.42. Upon completion of such subscription on January 25, 2016, Ruida I Limited became a shareholder of our Company and our Company was converted into a sino-foreign joint venture company.

Each of Ruida II Limited, Ruida III Limited, Ruida IV Limited and Ruida V Limited agreed to subscribe for our registered capital in aggregate of RMB23,277,778 by capital injection at a consideration equivalent to RMB137,106,112.00 and such subscriptions were completed in March 2016.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Pursuant to the Employee Stock Ownership Plan, each eligible participant would be granted partnership interests in the respective employee incentive platform (being the holding partnership platform of each of the offshore Employee Shareholding Platforms) in the capacity as a limited partner. Below sets forth the simplified structure of the offshore Employee Shareholding Platforms:



Shenzhen Yuying Investment Management Co., Ltd. is the general partner of Shenzhen Yuying No. 21 Investment Management Partnership Enterprise (Limited Partnership) and therefore indirectly controlled the offshore Employee Shareholding Platforms. Mr. Zhu Baoquan, our chairman of the Board, an executive Director and the general manager of our Company, holds 67% of interests in Shenzhen Yuying Investment Management Co., Ltd., and Ms. Xiang Yun, the chairperson of our Supervisory Committee, holds the remaining interests. See subsection headed “Appendix VI — Statutory and General Information — 5. Employee Stock Ownership Plan” for further details on the Employee Stock Ownership Plan. See subsection headed “– Shareholding Structure of Our Company” for details of shareholding held by the offshore Employee Shareholding Platforms as of the Latest Practicable Date.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

3. 2017 Investment

Pursuant to (i) a capital increase agreement dated February 6, 2017 entered into, among others, our Company and Radiant Sunbeam Limited, Radiant Sunbeam Limited agreed to subscribe for our registered capital of RMB155,185,185; and (ii) a capital increase agreement dated February 24, 2017 entered into, among others, our Company, Radiant Sunbeam Limited and Dream Landing Holdings Limited, Radiant Sunbeam Limited and Dream Landing Holdings Limited agreed to subscribe for our registered capital of RMB11,084,656 and RMB33,253,968, respectively. The registered capital of our Company was increased to RMB665,079,365 on March 20, 2017 upon completion of the abovementioned subscriptions (collectively, the “2017 Investment”). Each of Radiant Sunbeam Limited and Dream Landing Holdings Limited is an Independent Third Party.

Details of the respective subscription amount of the Pre-IPO Investors and the consideration paid by the subscribers in the 2017 Investment were as follows:

Name of Shareholder	Registered capital subscribed for	Aggregate consideration	Percentage of shareholding in our Company upon completion of the 2017 Investment
	(RMB)		
Radiant Sunbeam Limited.	155,185,185	RMB1,400,000,000 or equivalent amount in USD	25%
	11,084,656	RMB100,000,000 or equivalent amount in USD	
Dream Landing Holdings Limited	33,253,968	RMB300,000,000 or equivalent amount in USD	5%

4. Conversion into a Joint Stock Limited Company

Subsequent to the development of business of our Group, in January 2018, China Vanke transferred in aggregate 3% of its equity interest in our Company to Wanqing, Wanhu, Wanmazhengxian, Yingda Investment Fund, Wanshuzhimiao and Wanhuquanyuan (each being a wholly-owned subsidiary of China Vanke) equally, representing an aggregate registered capital of RMB19,952,382 of our Company.

In January 2018, our Board passed resolutions approving the conversion of our Company from a limited liability company into a joint stock limited company and being renamed as Vanke Service Co., Ltd. (萬科物業發展股份有限公司). The Board approved the conversion of the net assets value of our Company as of June 30, 2017 into 1,000,000,000 Shares, with the remaining RMB2,237,944,035 in net assets accounted for as capital reserves of our Company. On January 26, 2018, our promoters convened our first general meeting and approved the conversion of our Company into a joint stock limited company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon completion of the conversion on March 20, 2018, the registered capital of our Company became RMB1,000,000,000 divided into 1,000,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interest in our Company before the conversion.

5. *Acquisition of Yango Intelligent*

For details on our acquisition of Yango Intelligent, please refer to the subsection headed “— Major Acquisitions, Disposals and Mergers During Track Record Period — Acquisition of Yango Intelligent” below.

6. *October 2021 Transfers*

On October 29, 2021, pursuant to (i) a supplemental agreement to the 2021 Yango Acquisition Agreement (as defined below); and (ii) a share transfer agreement entered between Hainan Huiyou Investment Co., Ltd. (海南慧優投資有限公司) (“**Hainan Huiyou**”) and Shenzhen Yuying, Hainan Huiyou agreed to transfer 30,602,000 Shares to Shenzhen Yuying (which did not hold any of our Shares as of the Latest Practicable Date) at a consideration of RMB3,053,141,111 pursuant to the 2021 Yango Acquisition Agreement (as defined below) and its supplemental agreement, and the consideration was determined with reference to the valuation performed thereunder. The transfer was attributable to the adjustment of consideration of the Yango Acquisition (as defined below) as agreed between the parties on arm’s length basis. For further details, see “— Major Acquisitions, Disposals and Mergers during Track Record Period — Acquisition of Yango Intelligent” below. The share transfer was completed on October 29, 2021.

Following the transfer which was completed on October 29, 2021, pursuant to a share transfer agreement dated November 3, 2021 entered between Shenzhen Yuying and Wanhuquanyuan, Shenzhen Yuying agreed to transfer 30,602,000 Shares to Wanhuquanyuan at a consideration of RMB3,054,079,600 and the share transfer was completed on the same day (“**Second October 2021 Transfer**”).

Wanhuquanyuan is a wholly-owned subsidiary of China Vanke, a member of our Controlling Shareholders Group. For further details on China Vanke, please refer to the section headed “Relationship with Our Controlling Shareholders” in this Prospectus. The increase in shareholding by Wanhuquanyuan demonstrates the confidence of our Controlling Shareholder in the long-term development of our Group.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

7. November 2021 Transfer

On November 26, 2021, Radiant Sunbeam Limited entered into a number of share transfer agreements with the following parties, details of such transfers of equity interests in our Company are as follows:

Transferor	Transferee	Registered capital transferred	Consideration
Radiant Sunbeam Limited	HK Rui Xuan Enterprise Management Limited (“ Rui Xuan ”)	RMB30,000,000	RMB2,994,000,000
	Ruida III Limited	RMB20,000,000	RMB1,996,000,000
	Zhuhai Dafeng Ruixiang Equity Investment Partnership (Limited Partnership) (珠海達豐瑞翔股權投資合作企業(有限合伙)) (“ Zhuhai Dafeng ”)	RMB20,000,000	RMB1,996,000,000

The above share transfers are completed on December 13, 2021. In addition, Ruida III Limited acquired further shareholding in our Company for the purpose of investment.

8. December 2021 Transfer

On December 31, 2021, pursuant to a share transfer agreement entered into among, Dream Landing Holdings Limited, Hainan Yunsheng Investment Partnership (Limited Partnership) (海南雲勝投資合作企業(有限合伙)) (“**Hainan Yunsheng**”) and our Company, Dream Landing Holdings Limited agreed to transfer and Hainan Yunsheng agreed to acquire, 19,958,000 Shares at a consideration of USD equivalent to RMB1,991,200,000.

On the same date, pursuant to a share transfer agreement entered into between Hainan Huiyou and Hainan Yunsheng, Hainan Huiyou agreed to transfer 1,155,000 Shares to Hainan Yunsheng as capital contribution in kind and the value of the 1,155,000 Shares was agreed as equivalent to RMB115,280,000, determined after arm’s length negotiation between the parties and with reference to the valuation performed pursuant to the Yango Acquisition. The above share transfers were completed on January 4, 2022.

As advised by our PRC Legal Advisor, all the changes in our registered capital and shareholding as set forth above have been duly completed pursuant to the applicable PRC laws, regulations and rules and are legally valid under the applicable PRC laws, regulations and rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Our Principal Subsidiaries

As of March 31, 2022, our Group was comprised of our Company and more than 400 subsidiaries, which are mainly established and operated in the PRC, located across more than 60 cities. We have adopted a relatively complex group structure with a large number of subsidiaries to achieve a clear division of business activities and facilitate our business operations. We believe the adoption of such structure would enable our Group to better manage and monitor the operations of our businesses, as well as allow for flexibility and effective control in terms of operation, compliance and risk management.

The major corporate developments of our subsidiaries which were material to our performance during the Track Record Period are set out below:

	Name of subsidiary	Principal business activities	Date of establishment and commencement of business
1.	Shenzhen Vanke Service	Provision of property services	January 16, 1992
2.	Beijing Vanke Service Co., Ltd. (北京萬科物業服務有限公司) (“ Beijing Vanke Service ”)	Provision of property services	April 8, 1998
3.	Chengdu Vanke Service Co., Ltd. (成都萬科物業服務有限公司) (“ Chengdu Vanke Service ”)	Provision of property services	October 16, 2000
4.	Guangzhou Vanke Service Co., Ltd. (廣州市萬科物業服務有限公司) (“ Guangzhou Vanke Service ”)	Provision of property services	November 17, 2004
5.	Jiangsu Sunan Vanke Service Co., Ltd. (江蘇蘇南萬科物業服務有限公司) (“ Sunan Vanke Service ”)	Provision of property services	October 14, 2003
6.	Nanjing Vanke Property Management Co., Ltd. (南京萬科物業管理有限公司) (“ Nanjing Vanke Property Management ”)	Provision of property services	May 30, 2007
7.	Shanghai Vanke Service Co., Ltd. (上海萬科物業服務有限公司) (“ Shanghai Vanke Service ”)	Provision of property services	November 25, 1993
8.	Shenzhen Vanrui Intelligent Technology Co., Ltd. (深圳市萬睿智能科技有限公司) (“ Shenzhen Vanrui ”)	Provision of AIoT solution services	January 30, 2013
9.	Shenzhen Onewo Technology Co., Ltd. (深圳市萬物雲科技有限公司) (“ Shenzhen Onewo Technology ”)	Provision of information technology services	October 11, 2017
10.	Shenzhen Yuying	Provision of property services	October 9, 2014
11.	Shenzhen Onewo Business Enterprise Property Service Co., Ltd. (深圳萬物商企物業服務有限公司) (“ Shenzhen Onewo Business Enterprise ”)	Provision of property and facility management services	October 10, 1999
12.	Shenyang Vanke Service Co., Ltd. (瀋陽萬科物業服務有限公司) (“ Shenyang Vanke Service ”)	Provision of property services	December 19, 1995
13.	Vanke Service (HongKong) Co., Limited (“ Vanke Service HongKong ”)	Provision of property services	August 28, 2017
14.	Wuhan Vanke Service Co., Ltd. (武漢市萬科物業服務有限公司) (“ Wuhan Vanke Service ”)	Provision of property services	November 20, 1992

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

1. Shenzhen Vanke Service

Shenzhen Vanke Service was established in the PRC on January 16, 1992 with an initial registered capital of RMB0.4 million. It is principally engaged in the provision of property services. As of January 1, 2019, Shenzhen Vanke Service was wholly-owned by our Company with a registered capital of RMB50 million. On December 28, 2020, to streamline our group structure, our Company transferred the entire equity interest in Shenzhen Vanke Service to Shenzhen Vanke Service Holdings Co., Ltd. (深圳市萬科物業控股有限公司) (“**Shenzhen Vanke Service Holdings**”), our wholly-owned subsidiary.

2. Beijing Vanke Service

Beijing Vanke Service was established in the PRC on April 8, 1998 with an initial registered capital of RMB1 million. It is principally engaged in the provision of property services. As of January 1, 2019, Beijing Vanke Service was wholly-owned by our Company. On December 18, 2019, the registered capital of Beijing Vanke Service was increased from RMB22 million to RMB50 million. On December 31, 2020, to streamline our group structure, our Company transferred the entire equity interest in Beijing Vanke Service to Shenzhen Vanke Service Holdings.

3. Chengdu Vanke Service

Chengdu Vanke Service was established in the PRC on October 16, 2000 with an initial registered capital of RMB2 million. It is principally engaged in the provision of property services. As of January 1, 2019, Chengdu Vanke Service was wholly-owned by our Company. On April 16, 2019, the registered capital of Chengdu Vanke Service was increased from RMB15 million to RMB50 million. On December 31, 2020, to streamline our group structure, our Company transferred the entire equity interest in Chengdu Vanke Service to Shenzhen Vanke Service Holdings. On August 19, 2021, the registered capital of Chengdu Vanke Service was further increased from RMB50 million to RMB100 million.

4. Guangzhou Vanke Service

Guangzhou Vanke Service was established in the PRC on November 17, 2004 with an initial registered capital of RMB2 million. It is principally engaged in the provision of property services. As of January 1, 2019, Guangzhou Vanke Service was wholly-owned by our Company with a registered capital of RMB5 million. On December 30, 2020, to streamline our group structure, our Company transferred the entire equity interests in Guangzhou Vanke Service to Shenzhen Vanke Service Holdings.

5. Sunan Vanke Service

Sunan Vanke Service was established in the PRC on October 14, 2003 with an initial registered capital of RMB0.5 million. It is principally engaged in the provision of property services. As of January 1, 2019, Sunan Vanke Service was wholly-owned by our Company with a registered capital of RMB10.58 million. On January 5, 2021, to streamline our group structure, our Company transferred the entire equity interests in Sunan Vanke Service to Shenzhen Vanke Service Holdings.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

6. *Nanjing Vanke Property Management*

Nanjing Vanke Property Management was established in the PRC on May 30, 2007 with an initial registered capital of RMB3 million. It is principally engaged in the provision of property services. As of January 1, 2019, Nanjing Vanke Property Management was wholly-owned by our Company with a registered capital of RMB12 million. On January 12, 2021, to streamline our group structure, our Company transferred the entire equity interests in Nanjing Vanke Property Management to Shenzhen Vanke Service Holdings.

7. *Shanghai Vanke Service*

Shanghai Vanke Service was established in the PRC on November 25, 1993 with an initial registered capital of RMB1 million. It is principally engaged in the provision of property services. As of January 1, 2019, Shanghai Vanke Service was wholly-owned by our Company with a registered capital of RMB12.26 million. On January 4, 2021, to streamline our group structure, our Company transferred the entire equity interest in Shanghai Vanke Service to Shenzhen Vanke Service Holdings.

8. *Shenzhen Vanrui*

Shenzhen Vanrui was established in the PRC on January 30, 2013 with an initial registered capital of RMB10 million. It is principally engaged in the provision of AIoT solutions services. Shenzhen Vanrui was owned by our Company since its establishment. On July 30, 2019, the registered capital of Shenzhen Vanrui was increased from RMB10 million to RMB100 million.

9. *Shenzhen Onewo Technology*

Shenzhen Onewo Technology was established in the PRC on October 11, 2017 with an initial registered capital of RMB1,000 million. It is principally engaged in the provision of information technology services. Shenzhen Onewo Technology was wholly-owned by our Company since its establishment and there was no change in the shareholding and registered capital of Shenzhen Onewo Technology since then.

10. *Shenzhen Yuying*

Shenzhen Yuying was established in the PRC on October 9, 2014 with an initial registered capital of RMB100 million. It is principally engaged in the provision of property services. As of January 1, 2019 and up to the Latest Practicable Date, Shenzhen Yuying was wholly-owned by our Company with a registered capital of RMB100 million.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

11. Shenzhen Onewo Business Enterprise

Shenzhen Onewo Business Enterprise was established in the PRC on October 10, 1999 with a registered capital of USD0.12 million (equivalent to RMB0.996 million). It is principally engaged in the provision of property and facility management services. As of January 1, 2019, Shenzhen Onewo Business Enterprise was wholly-owned by Shenzhen Yuying with a registered capital of RMB11.58 million. On August 9, 2019, Rugby Cayman Limited, through its subsidiary, agreed to acquire 35% of equity interest in Shenzhen Onewo Business Enterprise from Shenzhen Yuying and the share transfer was completed on October 15, 2019. Pursuant to a share transfer agreement dated January 6, 2020, Shenzhen Onewo Business Enterprise became an indirect wholly-owned subsidiary of Rugby Cayman Limited through transfer of remaining interests by Shenzhen Yuying, and the share transfer was completed on January 9, 2020. Shenzhen Onewo Business Enterprise remained as our subsidiary upon the completion of above transfers and as of the Latest Practicable Date.

For further details on the establishment of *Cushman & Wakefield Vanke Service* and Rugby Cayman Limited, please refer to the subsection headed “— Major Acquisitions, Disposals and Mergers during Track Record Period — Establishment of *Cushman & Wakefield Vanke Service*” below.

12. Shenyang Vanke Service

Shenyang Vanke Service was established in the PRC on December 19, 1995 with an initial registered capital of RMB0.5 million. It is principally engaged in the provision of property services. As of January 1, 2019, Shenyang Vanke Service was wholly-owned by our Company with a registered capital of RMB10 million. On December 30, 2020, to streamline our group structure, our Company transferred the entire equity interest in Shenyang Vanke Service to Shenzhen Vanke Service Holding.

13. Vanke Service HongKong

Vanke Service HongKong was incorporated in Hong Kong on August 28, 2017. It is principally engaged in provision of property services. Vanke Service HongKong was wholly-owned by our Company since its establishment and there was no change in the shareholding and share capital of Vanke Service HongKong since then.

14. Wuhan Vanke Service

Wuhan Vanke Service was established in the PRC on November 20, 1992 with an initial registered capital of RMB2 million. It is principally engaged in the provision of property services. As of January 1, 2019, Wuhan Vanke Service was wholly-owned by our Company with a registered capital of RMB12 million. On December 30, 2020, to streamline our group structure, our Company transferred the entire equity interest in Wuhan Vanke Service to Shenzhen Vanke Service Holding.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS DURING TRACK RECORD PERIOD

Establishment of Cushman & Wakefield Vanke Service

On December 12, 2019, we announced the plan to form strategic partnership with Cushman & Wakefield, merging and consolidating the strengths of both parties in terms of branding, talent management and provision of property and facility management services. To facilitate the establishment of *Cushman & Wakefield Vanke Service* through combination of our property and facility management services and Cushman & Wakefield's, we underwent a series of asset integration which involved, among others, disposing of 35% of equity interest in each of Zhejiang Yaojiang Real Estate Management Co., Ltd. (浙江耀江物業管理有限公司), Shenzhen Onewo Business Enterprise and Beijing Onewo Business Enterprise Property Service Co., Ltd., (北京萬物商企物業服務有限公司) with details set forth below:

<u>Date of transfer</u>	<u>Target company</u>	<u>Transferee</u>
September 29, 2019	Zhejiang Yaojiang Real Estate Management Co., Ltd.	CWVS Investment (Dragons) Limited (“ CWVS Dragons ”), a subsidiary of Rugby Cayman Limited upon completion of asset integration
October 15, 2019	Shenzhen Onewo Business Enterprise	CWVS Dragons
October 16, 2019	Beijing Onewo Business Enterprise Property Service Co., Ltd.	CWVS Dragons

Following such disposals and upon completion of the asset integration, Rugby Cayman Limited (currently known as CWVS Holding Limited), a then subsidiary of Cushman & Wakefield, became owned as to 65% and 35% by Glorious Falcon Limited (our wholly-owned subsidiary) and Cushman & Wakefield (an Independent Third Party other than being a substantial shareholder in Rugby Cayman Limited), respectively on January 6, 2020.

Since then, Rugby Cayman Limited and its subsidiaries, including Beijing Cushman & Wakefield Property Management Co., Ltd. (北京戴德梁行物業管理有限公司), Cushman & Wakefield (Shanghai) Co., Ltd. (戴德梁行物業諮詢(上海)有限公司) and Cushman & Wakefield Property Management Limited, have been consolidated as our subsidiaries. In July 2020, we launched the brand *Cushman & Wakefield Vanke Service* and on March 16, 2021, Rugby Cayman Limited was renamed as CWVS Holding Limited.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Below sets forth the key terms of strategic partnership arrangement in force between our Group and Cushman & Wakefield:

Parties	:	(i) Our Group, being shareholder holding 65% interest in CWVS Holding Limited; and
		(ii) Cushman & Wakefield, being shareholder holding 35% interest in CWVS Holding Limited
Purpose of the strategic partnership	:	(i) To merge and consolidate the strengths of both parties in terms of branding, talent management and provision of property and facility management services; and
		(ii) To effectively integrate our Group's local insights and existing competitive edges in the Greater China with the international perspectives, top talent and brand heritage of Cushman & Wakefield
Scope of services	:	<i>Cushman & Wakefield Vanke Service</i> primarily covers commercial property services, integrated facility management services and other value-added services.
Management of CWVS Holding Limited	:	The board of CWVS Holding Limited shall consist of up to five directors, of whom (i) three directors shall be appointed by our Group; and (ii) two directors shall be appointed by Cushman & Wakefield, in accordance with the articles of association of CWVS Holding Limited and terms set out in the shareholders agreement (as amended and supplemented from time to time).
Restriction of transfer of interests in CWVS Holding Limited	:	No shareholder shall transfer any interest in CWVS Holding Limited, without the prior written consent of other shareholder, except in accordance with the articles of association of CWVS Holding Limited and terms set out in the shareholders agreement (as amended and supplemented from time to time).

During the Track Record Period, we offered our property and facility management services primarily through our brand *Cushman & Wakefield Vanke Service*, serving prominent real estate developers and corporate and institutional clients. For further details on our brand *Cushman & Wakefield Vanke Service*, please refer to the section headed “Business — Our Business Model — Commercial and Urban Space Integrated Services — Property and Facility Management Services” in this Prospectus. Prior to the establishment of *Cushman & Wakefield Vanke Service*, we subscribed for 4.9% of ordinary shares of Cushman & Wakefield plc (NYSE: CWK) in 2018 at a price of USD17.00 per share by way of a concurrent private placement with Cushman & Wakefield plc's initial public offering and listing on NYSE, which is in line with our long-term strategic vision for developing property service to premium corporate and institutional clients in China. For further details, see “Financial Information — Description of Certain Components of our Consolidated Statements of Financial Position — Equity investments designated at fair value through other comprehensive income.”

Acquisition of Bon Property

Bon Property was established as a limited liability company under the laws of PRC on July 25, 2005 and is principally engaged in property services. Pursuant to an investment framework agreement dated June 11, 2021 entered into between, among others, Shenzhen Yuying and the then shareholders of Bon Property, Shenzhen Yuying agreed to acquire the entire equity interest of Bon Property. The payment of consideration was divided into two phrases, with the first phase of consideration being RMB1,612,800,000 and was settled on September 18, 2021, and the second phase of consideration to be determined with reference to the audited net profit of Bon Property for the year of 2021. The consideration arrangement was determined after arm's length negotiation between the parties with reference to the expected valuation of Bon Property for the year of 2021 and therefore, subject to adjustment based on the results of the audited net profit of Bon Property for the year of 2021. Prior to the acquisition, Bon Property was held by Fujian Jiamenkou Investment Co., Ltd. (福建家門口投資有限公司), Xiamen Bosheng Investment Partnership (Limited Partnership) (廈門市伯盛投資合夥企業(有限合夥)), Shanghai Difeng Investment Management Center (Limited Partnership) (上海第豐投資管理中心(有限合夥)), Pingtan Tairuifeng Investment Co., Ltd. (平潭泰瑞豐投資有限公司), Royal Wind Limited and Zhangzhou Kebaihui Enterprise Management Consulting Co., Ltd. (漳州科百匯企業管理諮詢有限公司), each of whom to the best knowledge of the Directors is an Independent Third Party, as to 75.82%, 9.66%, 5.77%, 5.20%, 2.79% and 0.76%, respectively. Upon completion of such acquisition on September 28, 2021, Bon Property was wholly owned by Shenzhen Yuying and has become our subsidiary.

The acquisition of Bon Property is conducive to (i) deploying our “Onewo Town” model by expanding our market share particularly in Fujian Province; (ii) achieving synergy from geographically complementary property services project portfolios; and (iii) expanding the market coverage of our value-added services.

Acquisition of Yango Intelligent

The Yango Acquisition

Pursuant to the investment framework agreement dated September 22, 2021 (the “**2021 Yango Acquisition Agreement**”) entered into between, among others, our Company, Yango Group Co., Ltd. (陽光城集團股份有限公司) (“**Yango Group**”), Fujian Sunlight Real Estate Development Co., Ltd. (福建陽光房地產開發有限公司), Longjing Industrial Investment Group Co., Ltd. (龍淨實業投資集團有限公司), Yango Health Industry Co., Ltd. (陽光健康產業有限公司), Fuzhou Economic and Technology Development Area Yango Intelligent Enterprise Management Consulting Partnership (Limited Partnership) (福州經濟技術開發區陽光智博企業管理諮詢合夥企業(有限合夥)) (“**Fuzhou Zhibo**”), Fuzhou Economic and Technology Development Area Yango Huiyou Enterprise Management Consulting Partnership (Limited Partnership) (福州經濟技術開發區陽光慧優企業管理諮詢合夥企業(有限合夥)) (“**Yango Huiyou**”) and Fuzhou Economic and Technology Development Area Yango Huijia Enterprise Management Consulting Partnership (Limited Partnership) (福州經濟技術開發區陽光慧佳企業管理諮詢合夥企業(有限合夥)) (“**Yango Huijia**”) (collectively, the “**Original Yango**”

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Intelligent Shareholders”), (i) our Company agreed to acquire the entire equity interest in Yango Intelligent (the “**Yango Acquisition**”) and as consideration, agreed to issue 4.80% of equity interest in our Company (the “**Consideration Shares**”), representing registered capital of RMB50,420,000 of our Company, to the Original Yango Intelligent Shareholders (each being an Independent Third Party, other than Mr. Lin Tengjiao (林騰蛟) who was a director of Yango Intelligent prior to our acquisition of Yango Intelligent); and (ii) our Company shall pay to Yango Group a refundable deposit in an amount of RMB3,000 million (the “**Deposit**”). The Consideration Shares were determined with reference to valuation performed by an independent valuer.

Prior to the completion of the Yango Acquisition, the Original Yango Intelligent Shareholders streamlined their shareholding structure into four holding companies, being Hainan Huiyou, Hainan Zhibo Investment Co., Ltd. (海南智博投資有限公司) (“**Hainan Zhibo**”), Hainan Huijia Investment Co., Ltd. (海南慧佳投資有限公司) (“**Hainan Huijia**”) and Hainan Ruihong Investment Co., Ltd. (海南瑞鴻投資有限公司) (“**Hainan Ruihong**”) (collectively, “**Yango Hainan Entities**”), each of which held 72.38%, 10.19%, 14.41% and 3.02% of shareholding in Yango Intelligent respectively. We acquired the entire equity interest in Yango Intelligent from the Yango Hainan Entities on September 27, 2021. Pursuant to the 2021 Yango Acquisition Agreement, the Yango Hainan Entities acquired the Consideration Shares (i.e. the abovementioned 4.80% equity interest in the Company), that are subject to possible adjustment pursuant to the Yango Price Adjustment Mechanism (as defined below) exercisable by the Company. In view of the Yango Acquisition and pursuant to a shareholders’ resolution of our Company dated September 17, 2021, the registered capital of our Company was increased from RMB1,000,000,000 to RMB1,050,420,000. The financial statements of Yango Intelligent were consolidated into that of the Company on October 1, 2021 and Yango Intelligent has since then become a wholly-owned subsidiary of the Company.

Pursuant to the 2021 Yango Acquisition Agreement (as supplemented by a supplemental cooperation agreement dated October 29, 2021), Yango Group shall refund the Deposit in full not later than September 30, 2021. Based on subsequent arm’s length negotiation between the parties, our Company and Yango Group subsequently agreed that the consideration of the Yango Acquisition shall be partially settled by our Company’s payment of the Deposit and therefore, the Yango Hainan Entities shall transfer part of the Consideration Shares they subscribed to Shenzhen Yuying (a wholly-owned subsidiary designated by our Company). Pursuant to a share transfer agreement dated October 29, 2021 and entered into between Hainan Huiyou and Shenzhen Yuying, Hainan Huiyou agreed to transfer 30,602,000 Shares to Shenzhen Yuying (representing approximately 2.91% equity interest in our Company) at the total consideration of approximately RMB3,053 million, which equals the Deposit and interest accrued thereon.

To eliminate the cross shareholding structure between Shenzhen Yuying and our Company, further optimize the structure of our Group and given the intention of our Controlling Shareholder to demonstrate confidence in our long-term development, on November 3, 2021, pursuant to a share transfer agreement entered into between Shenzhen Yuying and Wanhuquanyuan (a wholly-owned subsidiary of China Vanke and a Controlling

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Shareholder), Shenzhen Yuying agreed to transfer 30,602,000 Shares to Wanhuquanyuan at a consideration of RMB3,054 million, which was completed on the same day. Please also see the subsection headed “— Major Corporate Development — Our Company — 6. October 2021 Transfers” above.

Each of Hainan Huiyou, Hainan Zhibo, Hainan Huijia and Hainan Ruihong is a limited liability company established under the PRC laws. As of the Latest Practicable Date, each of Hainan Huiyou, Hainan Zhibo, Hainan Huijia and Hainan Ruihong held approximately 0.45%, 0.49%, 0.69% and 0.15% equity interest in our Company, respectively.

Material arrangements pursuant to the Yango Acquisition

Below sets forth the material arrangements in relation to the Yango Acquisition under the 2021 Yango Acquisition Agreement (as supplemented by the 2022 Yango Supplemental Agreement as defined below), which will not be terminated before Listing:

Consideration	:	Acquisition by issuance of Consideration Shares which is subsequently adjusted to partially Consideration Shares and mostly cash.
Vesting arrangements	:	Pursuant to the 2021 Yango Acquisition Agreement, any equity interest directly or indirectly held by the partners of Yango Huijia, being the employee shareholding platform of Yango Intelligent and holding 0.1% interests in Hainan Huijia, will be subject to four years of vesting arrangement with reference to the terms set out therein.
Yango Price Adjustment Mechanism	:	Pursuant to the 2021 Yango Acquisition Agreement, as an adjustment to the consideration for the Yango Acquisition, our Company is entitled to a right to require the Yango Hainan Entities to transfer the equity interest in our Company to our Company or entities designated by our Company (the “ Designated Transferee ”) at a nominal consideration or the lowest price permissible under the applicable PRC laws (the “ Yango Price Adjustment Mechanism ”) in the event that the audited consolidated net profit after tax of Yango Intelligent (subject to certain adjustment prescribed under the 2021 Yango Acquisition Agreement) for the year ended December 31, 2021 is less than RMB300 million (the “ 2021 Profits of Yango Intelligent ”).

On September 11, 2022, all the parties to the 2021 Yango Acquisition Agreement and the Yango Hainan Entities entered into a supplemental agreement to the 2021 Yango Acquisition Agreement (the “**2022 Yango Supplemental Agreement**”), pursuant to which the parties thereto agreed, among others, that (i) in connection with the Yango Price Adjustment Mechanism, the 2021 Profits of Yango Intelligent shall be RMB253.7 million, which did not reach the abovementioned threshold of RMB300 million provided under the 2021 Yango Acquisition Agreement; and (ii) the Yango Price Adjustment Mechanism shall be amended to the effect that our Company or our designated entities are entitled to cash compensation in an amount calculated in accordance with the formula below (the “**Amended Yango Price Adjustment Mechanism**”):

*“Amount of cash compensation = [1 - (2021 Profits of Yango Intelligent/RMB300 million)] * 4.8% * the then valuation of our Company at the time of the 2021 Yango Acquisition Agreement”*

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The Amended Yango Price Adjustment Mechanism provided under the 2022 Yango Supplemental Agreement can be settled by the delivery of management rights of more than 180 projects to our Group by Yango Group, and shall supersede and replace the Yango Price Adjustment Mechanism.

- Performance of undertakings/guarantee by Yango Hainan Entities** : On October 29, 2021, pursuant to an equity pledge agreement entered into between, the Yango Hainan Entities and Shenzhen Yuying, Hainan Zhibo agreed to pledge 5,042,016 Shares to Shenzhen Yuying as a security interest to guarantee the obligation of the Original Yango Intelligent Shareholders (together with its respective controlling shareholders) to perform, among others, (i) their undertakings in terms of projects’ retention rate and expansion rate; and (ii) non-competition undertakings with our Company, for certain years, as set out in the 2021 Yango Acquisition Agreement and relevant supplemental agreements. On December 9, 2021, pursuant to an equity pledge agreement entered between Hainan Huiyou and Yango Intelligent and relevant supplemental agreement, Hainan Huiyou agreed to pledge 4,736,344 Shares to Yango Intelligent as a security interest to guarantee the obligation of Hainan Huiyou (together with its controlling shareholder, Yango Group) primarily for settlement of certain amount payable to Yango Intelligent.
- Management of Yango Intelligent** : The board of directors shall be appointed by our Group and one supervisor shall be appointed by Yango Group.
- Establishment of Joint Ventures** : Our Group and Yango Group agreed to establish four joint ventures (collectively, the “**Joint Ventures**”) to engage in new projects originated from Yango Group and its affiliates through provision of (i) residential property services; (ii) property services for schools and hospitals; (iii) commercial property services; and (iv) property services for community commercial properties, respectively. As of the Latest Practicable Date, each of our Group and Yango Group ultimately held 75% and 25% interest in each of the Joint Ventures. Pursuant to the 2021 Yango Acquisition Agreement, our Group and Yango Group may establish joint venture to subscribe further share capital in such Joint Ventures and, upon fulfilment of certain conditions as set forth therein, such newly established joint venture may convert its equity interest in such Joint Ventures into equity interest of our Company in the future subject to mutual agreement by both parties.
- Management of Joint Ventures** : Each of the board of Joint Ventures shall consist of five directors, of whom (i) three directors shall be appointed by our Group; and (ii) two directors shall be appointed by Yango Group.

Reasons for and benefits of the Yango Acquisition

Yango Intelligent was established as a joint stock limited company under the laws of PRC on July 29, 2020 and is principally engaged in property services. The acquisition of Yango Intelligent is conducive to (i) deploying our “Onewo Town” model by expanding our market share in Eastern China, particularly in Fujian Province; (ii) achieving synergy from geographically complementary property services project portfolios; and (iii) expanding the market coverage of our value-added services. See “Business — Our Acquisition of Yango Intelligent” for further information.

Subsequent to our acquisitions in Bon Property and Yango Intelligent, we started to engage in certain commercial operational services deriving from such businesses engaged by Bon Property and Yango Intelligent. See “Relationship with our Controlling Shareholders — Delineation of Businesses — Commercial Operational Services” for further information.

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Save as disclosed above, we have not conducted any acquisitions, disposals or mergers that we consider material to us during the Track Record Period.

Confirmation on completion of the acquisitions

Our Directors confirm that each of the above acquisitions had been properly and legally completed and settled in accordance with the applicable laws and regulations.

POST-TRACK RECORD PERIOD ACQUISITIONS

We acquired equity interest in certain companies subsequent to the Track Record Period. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the acquisitions. See “Waivers from Strict Compliance with the Listing Rules — Waiver in relation to Post-Track Record Period Acquisitions.”

PRE-IPO INVESTMENTS

1. Overview

Our Company underwent Pre-IPO Investments as described above in the subsection headed “— Major Shareholdings Changes”.

2. Principal terms of the Pre-IPO Investments

The below table summarizes the principal terms of the Pre-IPO Investments:

	<u>2017 Investment</u>	<u>Second October 2021 Transfer⁽³⁾</u>	<u>November 2021 Transfer</u>	<u>December 2021 Transfer</u>
Amount of consideration paid	RMB1,800,000,000	RMB3,054,079,600	RMB6,986,000,000	RMB2,106,480,000
Date of agreement	February 6, 2017 and February 24, 2017	November 3, 2021	November 26, 2021	December 31, 2021
Date of settlement	April 27, 2017	November 4, 2021	February 18, 2022 to March 2, 2022	February 23, 2022
Approximate cost per Share paid under the Pre-IPO Investments	RMB9.0215	RMB99.8000	RMB99.8000	RMB99.7717
Premium to the Offer Price ⁽¹⁾	Not applicable ⁽²⁾	127.19%	127.19%	127.13%
Basis of determination of consideration	The consideration for each round of Pre-IPO Investments was determined based on arm’s length negotiation with reference to the timing of the investments, the scale, the valuation and fair value of our business and operating entities.			
Lock-up Period	Pursuant to the PRC Company Law, all current Shareholders (including the Pre-IPO Investors) are subject to a lock-up period of 12 months following the Global Offering.			
Use of proceeds from the Pre-IPO Investments	We utilized the proceeds our Company obtained from the Pre-IPO Investments for, among others, general working capital purposes. As of the Latest Practicable Date, all of the proceeds our Company obtained from the Pre-IPO Investments have been utilized.			

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	2017 Investment	Second October 2021 Transfer⁽³⁾	November 2021 Transfer	December 2021 Transfer
Strategic benefits from the Pre-IPO Investments to our Company		At the time of the Pre-IPO Investments, our Directors were of the view that our Group could benefit from the additional capital provided by the Pre-IPO Investors' investments in our Group, the knowledge and experience of the Pre-IPO Investors and for the purpose of expanding our business.		

Notes:

- (1) The premium to the Offer Price is calculated based on the assumption that the Offer Price is HK\$49.9 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$47.1 to HK\$52.7.
- (2) Represents a discount to the Offer Price of 79.46% per Offer Share, calculated based on the assumption that the Offer Price is HK\$49.9 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$47.1 to HK\$52.7.
- (3) See “— Major Corporate Development — Our Company — 6. October 2021 Transfers” above and section headed “Relationship with Our Controlling Shareholders” for further details of Wanhuquanyuan as a pre-IPO investor.

3. Special Rights of the Pre-IPO Investors

The Pre-IPO Investors had been granted certain special rights, including, among others, anti-dilution rights, redemption rights, drag-along rights, pre-emptive rights, director nomination rights and veto rights for certain corporate actions under the respective agreement(s).

Pursuant to (i) our Articles of Association; (ii) shareholders' resolution dated March 2, 2022 approving, among others, the Company to proceed with the application for Listing; and (iii) confirmation letter issued by each of the Pre-IPO Investors, no such special rights granted to the Pre-IPO Investors will survive after the Listing, and redemption rights granted under the Pre-IPO Investments had been terminated prior to the submission of application for Listing to the Stock Exchange, in compliance with Guidance Letter HKEx-GL43-12 issued by the Stock Exchange.

4. Joint Sponsors' Confirmation

On the basis that (i) the settlement of the considerations for the Pre-IPO Investments complies with the guidance letter requirements from the Stock Exchange; and (ii) no special rights granted to the Pre-IPO Investors shall survive upon the Listing, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with the Guidance Letter HKEx-GL29-12 issued in January 2012 (as updated in March 2017), and the Guidance Letter HKEx-GL43-12 issued in October 2012 (as updated in July 2013 and in March 2017). The Guidance Letter HKEx-GL44-12 issued in October 2012 (as updated in March 2017) is not applicable to the Pre-IPO Investments as no convertible instrument was issued.

5. Information of the Pre-IPO Investors

We have received the Pre-IPO Investments from the following investors. The background information of all of our Pre-IPO Investors is set out below.

Radiant Sunbeam Limited

Radiant Sunbeam Limited is an exempted company with limited liability incorporated under the laws of the Cayman Islands. It is indirectly wholly-owned by Boyu Capital Fund III, L.P., the general partner of which is Boyu Capital General Partner III, L.P. and Boyu Capital Group Management Ltd. (“**Boyu Capital Group**”) acts as the management company of Boyu Capital Fund III, L.P. Boyu Capital Group is a leading China-focused alternative asset management firm. Comprising a team of experienced investors and management team, Boyu Capital Group provides growth capital and strategic support through long-term partnerships with leading enterprises and entrepreneurs. Its portfolio covers industries across technology, healthcare, consumer and retail and business and financial services sectors.

Dream Landing Holdings Limited

Dream Landing Holdings Limited is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of Dream Warrior Inc., which is an indirect wholly-owned subsidiary of 58.com Inc. (“**58.com**”), whose American depositary shares were listed on the NYSE (ticker: WUBA) from October 2013 to September 2020. 58.com is an online classified platform enabling local merchants and consumers to connect, share information and conduct business. 58.com is ultimately controlled by Mr. Yao Jinbo, our non-executive Director. See section headed “Directors, Supervisors and Senior Management” for the biography of Mr. Yao.

Rui Xuan

Rui Xuan is a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Shenzhen Linkaiying Technology Development Co., Ltd. (深圳市琳凱盈科技發展有限公司), a company incorporated under the laws of the PRC, which is owned as to 95% and 5% by Shenzhen Linzhu Investment Holding (Group) Co., Ltd. (深圳市琳珠投資控股(集團)有限公司) (“**Linzhu Group**”) and Shenzhen Wanlong Investment Co., Ltd. (深圳市萬隆投資有限公司) (“**Shenzhen Wanlong**”), respectively. Shenzhen Wanlong is a subsidiary of Linzhu Group. Linzhu Group is owned as to 90% and 10% by Shenzhen Linzhu Trading Co., Ltd. (深圳市琳珠貿易有限公司) and Shenzhen Yihuafeng Construction Co., Ltd. (深圳市逸華豐建材有限公司), respectively. Shenzhen Linzhu Trading Co., Ltd. and Shenzhen Yihuafeng Construction Co., Ltd. is held as to 100% and 40% by Mr. Chen Kunming (陳坤明), an Independent Third Party, while the

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remaining interests in Shenzhen Yihuafeng Construction Co., Ltd. is held by Ms. Li Xiumei (李秀梅), an Independent Third Party. Linzhu Group is principally engaged in real estate development and operation, construction of urban landscape, infrastructure and industrial investment.

Ruida III Limited

Ruida III Limited is one of our offshore Employee Shareholding Platforms. Ruida III Limited is ultimately controlled by Mr. Zhu Baoquan, our chairman of the Board, an executive Director and the general manager of our Company. See “7. November 2021 Transfer” above for further details.

Zhuhai Dafeng

Zhuhai Dafeng is a private equity investment fund established under the laws of the PRC. Guicheng Huixin Equity Investment Co., Ltd. (貴誠匯鑫股權投資有限公司) (“**Guicheng Huixin**”) is the general partner of Zhuhai Dafeng holding 0.01% of partnership interests and Huaneng Guicheng Trust Co., Ltd. (華能貴誠信託有限公司) (“**Huaneng Guicheng Trust**”) holding the remaining partnership interests. Guicheng Huixin is a wholly-owned subsidiary of Huaneng Guicheng Trust, a PRC leading company principally engaged in trust business with an outstanding trust asset under management amounting to RMB789.3 billion as of the end of 2021, and has been awarded as “Outstanding PRC Trust Company of the Year” by the Securities Times (證券時報) since 2018. Huaneng Guicheng Trust is ultimately controlled by the SASAC.

Hainan Yunsheng

Hainan Yunsheng is a limited partnership established under the laws of the PRC and Hainan Longding Qiwei Investment Co., Ltd. (海南龍鼎啟威投資有限公司) (“**Hainan Longding**”) is the general partner of Hainan Yunsheng holding approximately 0.03% of partnership interests, with Beihai Hangjin Ruiying Investment Development Co., Ltd. (北海航錦睿盈投資發展有限公司) (“**Beihai Hangjin**”) and Hainan Huiyou being the limited partners. Each of Beihai Hangjin and Hainan Huiyou holds approximately 93.72% and 6.25% of partnership interests in Hainan Yunsheng. Hainan Longding is owned as to 85% and 15% by Mr. Liu Ben (劉奔), an Independent Third Party and Xi’an Longding Investment Management Co., Ltd. (西安龍鼎投資管理有限公司) (“**Xian Longding**”), respectively. Xian Longding is owned as to 71%, 14%, 10% and 5% by Mr. Wu Yanan (吳葉楠), Beijing Zhaoheng Wealth Asset Management Co., Ltd. (北京兆恒財富資產管理有限公司), Mr. Yao Peng (姚鵬) and Mr. Zhang Yifeng (張一風). Beijing Zhaoheng Wealth Asset Management Co., Ltd. is owned as to 77% by Mr. Liu Ben, and the remaining 10%, 7% and 6% is held by Ms. Cheng Lujiao (程露嬌), Mr. Zhang Bin (張斌) and Ms. Zhang Li (張麗), each an Independent Third Party, respectively. Beihai Hangjin is owned by Mr. Fan Yu (樊雨) and Mr. Yao Yukun (姚宇琨), each an Independent Third Party in equal share.

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SHAREHOLDING STRUCTURE OF OUR COMPANY

As of the Latest Practicable Date, the shareholding structure of our Company was as follows:

Name of Shareholder	Approximate percentage of shareholding
China Vanke	57.12%
Wanhuquanyuan	3.39%
Wanqing	0.48%
Wanhu	0.48%
Wanmazhengxian	0.48%
Yingda Investment Fund	0.48%
Wanshuzhimiao	0.48%
Radiant Sunbeam Limited	17.14%
Dream Landing Holdings Limited.	2.86%
Ruida I Limited	3.33%
Ruida II Limited.	2.22%
Ruida III Limited	2.20%
Ruida IV Limited	0.28%
Ruida V Limited.	0.54%
Hainan Huijia	0.69%
Hainan Zhibo	0.49%
Hainan Huiyou.	0.45%
Hainan Ruihong	0.15%
Rui Xuan	2.86%
Zhuhai Dafeng.	1.90%
Hainan Yunsheng	2.01%
TOTAL.	100.00%

PUBLIC FLOAT

Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), members of the Controlling Shareholders Group will continue to be our Controlling Shareholders, holding 660,602,000 Shares, representing approximately 56.60% of our enlarged total share capital, and such Shares will not be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules. The 180,000,000 Unlisted Foreign Shares held by Radiant Sunbeam Limited, the aggregate of 90,000,000 Unlisted Foreign Shares held by the Employee Shareholding Platforms and 30,042,000 Unlisted Foreign Shares held by Dream Landing Holdings Limited will not be counted towards the public float of our Company as they are held or controlled by the core connected person of our Company as defined under the Listing Rules.

Save as disclosed above, no other Shareholder (including the Pre-IPO Investors) (i) is a core connected person of our Company (as defined under the Listing Rules); (ii) has been financed directly or indirectly by a core connected person of our Company for the subscription

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of Shares; or (iii) is accustomed to take instructions from a core connected person of our Company in relation to the acquisition, disposal, voting or other dispositions of the Shares registered in his/her/its name or otherwise held by him/her/it, and all the H Shares to be held by such Shareholders will count towards the public float of our Company for the purpose of Rule 8.08 of the Listing Rules following the Listing. In addition, immediately after the completion of the Global Offering, the 59,776,000 Domestic Shares held by Shareholders of our Company (other than the Controlling Shareholders Group) and the 30,000,000 Unlisted Foreign Shares held by Rui Xuan, that will not be converted into H Shares upon Listing will not be counted towards the public float of our Company. The conversion of Domestic Shares and/or Unlisted Foreign Shares after the Listing will be made in compliance with applicable laws and regulations and our Company will make appropriate disclosure as and when required.

PRC REGULATORY REQUIREMENT ON THE SPIN-OFF

CSRC promulgated the Circular on Issues Relevant to Regulating Offshore Listing of Securities of Domestic Listed Companies (the “**Spin-off Circular**”, 《關於規範境內上市公司所屬企業到境外上市有關問題的通知》) on July 21, 2004. Pursuant to the Spin-off Circular, the offshore listing of the subsidiaries controlled by domestic listed companies shall comply with the conditions set out in the Spin-off Circular and obtain approvals from the CSRC. On January 5, 2022, the CSRC announced the Listed Companies Spin-off Rules (for Trial Implementation) (the “**Spin-off Rules**”, 《上市公司分拆規則(試行)》) and the Explanation on Drafting the Listed Companies Spin-off Rules (for Trial Implementation) (《上市公司分拆規則(試行)起草說明》) which specified prior to the implementation of Spin-off Rules, provided the spin-off proposal of a listed company has been considered and approved by the general meeting of shareholders, the spin-off shall be implemented in accordance with the Spin-off Circular, otherwise in accordance with the Spin-off Rules. The listing of our Company constitutes a Spin-off of China Vanke and has obtained the approval of the shareholders of China Vanke at an extraordinary shareholders’ general meeting on November 26, 2021 prior to the implementation of the Spin-off Rules, and therefore such Spin-off is subject to the approval of the CSRC and shall be implemented in accordance with the Spin-off Circular. The listing of the Company was approved by (i) the shareholders of China Vanke at an extraordinary shareholders’ general meeting on November 26, 2021; and (ii) the CSRC in its approval letter dated July 11, 2022. As advised by our PRC Legal Advisor, our Company had obtained all necessary approvals and authorization in the PRC in relation to the Spin-off.

REASONS FOR THE SPIN-OFF

Pursuant to the Listing Rules and in accordance with the corporate structure and ownership of our Company, the Listing of our Company will constitute a Spin-off of China Vanke. Our Board is of the view that the Spin-off is in the interests of China Vanke and the shareholders of China Vanke as a whole based on the following reasons:

- (a) the Spin-off will provide China Vanke and its shareholders with an opportunity to realize the value of investment in our Group under a separate standalone platform for the Spin-off business;

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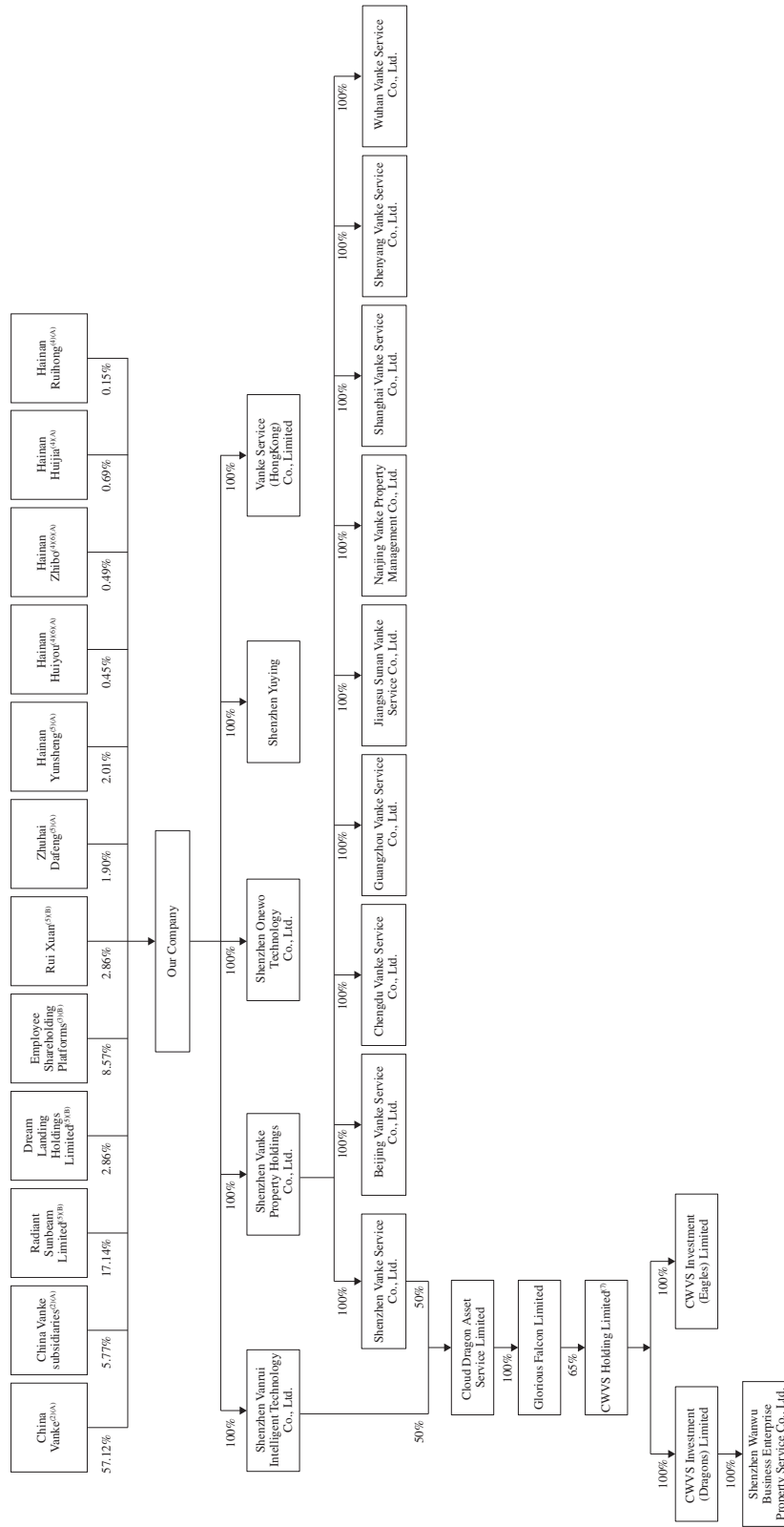
- (b) the Spin-off will enable our Group to build its identity as a separately listed group, to have a separate fund-raising platform and to broaden its investor base through the Global Offering. The Spin-off will allow our Group to gain direct access to capital markets for equity and/or debt financing to fund its existing operations and future expansion without reliance on China Vanke, thereby improving its operating and financial management efficiencies;
- (c) the Spin-off will enable our Group to enhance its corporate profile, thereby increasing its ability to attract strategic investors for making investments in and forming strategic partnerships directly with our Group, which could provide synergy for our Group;
- (d) the Spin-off will enable more focused development, strategic planning and better allocation of resources for China Vanke and our Group with respect to their respective businesses. Both China Vanke and our Group will benefit from the efficient decision-making process under separate management structures;
- (e) the separate listing of our Group will strengthen its reputation, thus leading to potentially better operational performance and better realisation of its value. Such increased value will enable China Vanke and its shareholders an opportunity to increase the value of investment in our Group under such separate standalone platform for the Spin-off business; and
- (f) the Spin-off will improve the operational and financial transparency of our Group, which would enable investors to better appraise its operation results and financial conditions on a standalone basis, which in turn may enhance the overall value.

The Spin-off by China Vanke complies with the requirements of Practice Note 15 of the Listing Rules.

Along with the development of our business, we intend to explore further opportunities in the A-share capital market, including potential listing of our shares on the Shenzhen Stock Exchange or Shanghai Stock Exchange (the “**A-Share Listing Plan**”). As of the date of this Prospectus, we have not yet formed a concrete plan for the A-Share Listing Plan.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the simplified corporate and shareholding structure of our Company immediately before completion of the Global Offering:

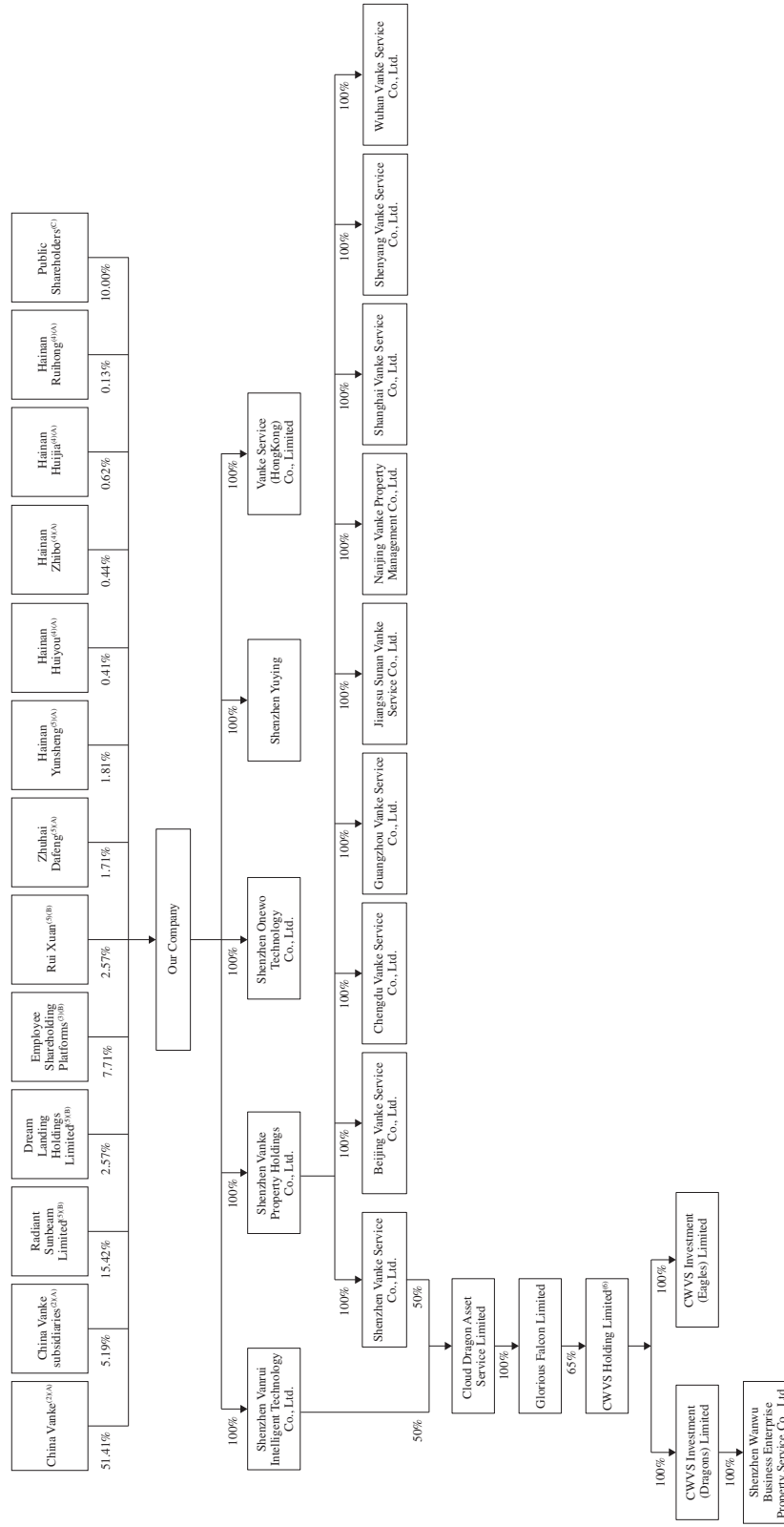


Notes:

- (1) The above chart includes shareholding information and details related to our principal subsidiaries as referred to “— Major Corporate Development — Our Principal Subsidiaries” above.
 - (2) China Vanke and China Vanke subsidiaries, including Wanshuzhimiao, Wanqing, Wanhua, Wanhuanyuan, Wannazhengxian and Yingda Investment Fund (each a wholly-owned subsidiary of China Vanke) together constitute our Controlling Shareholders Group. See the section headed “Relationship with our Controlling Shareholders — Overview” for details on China Vanke and its background.
 - (3) See the subsection headed “— Major Corporate Development — Our Company — 2. Employee Stock Ownership Plan” above for details on the Employee Shareholding Platforms.
 - (4) See the subsection headed “— Major Acquisitions, Disposals and Mergers During Track Record Period — Acquisition of Yango Intelligent” above for details on Hainan Huiyou, Hainan Zhibo, Hainan Huijia and Hainan Ruihong.
 - (5) See the subsection headed “— Pre-IPO Investments — 5. Information of the Pre-IPO Investors” for details on Radiant Sunbeam Limited, Dream Landing Holdings Limited, Rui Xuan, Zhuhai Dafeng and Hainan Yunsheng.
 - (6) As of the Latest Practicable Date, Shares held by Hainan Zhibo and Hainan Huiyou were subject to equity pledge arrangement, pursuant to which (i) on October 29, 2021, Hainan Zhibo pledged 5,042,016 Shares to Shenzhen Yuying; and (ii) on December 9, 2021, Hainan Huiyou pledged 4,736,344 Shares to Yango Intelligent. See subsection headed “— Major Acquisitions, Disposals and Mergers During Track Record Period — Acquisition of Yango Intelligent” above for further details.
 - (7) The remaining 35% of CWVS Holding Limited was held by Cushman & Wakefield. See the subsection headed “— Major Acquisitions, Disposals and Mergers During Track Record Period — Establishment of *Cushman & Wakefield Vanke Service*” above.
- (A) The Shares held by these Shareholders are Domestic Shares.
- (B) The Shares held by these Shareholders are Unlisted Foreign Shares.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the simplified corporate and shareholding structure of our Company immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

- (1)-(7) See notes of the sub-section headed “— Corporate Structure Immediately Before Completion of the Global Offering” above for details.
- (A) The Shares held by these Shareholders are Domestic Shares.
- (B) The Shares held by these Shareholders are Unlisted Foreign Shares.
- (C) The Shares held by these Shareholders are H Shares.

WHO WE ARE AND WHAT WE DO

Onewo is a leading property management service provider in China that has effected improvements in the industry over the past three decades. 32 years ago, we kick-started our journey with the simple purpose of pursuing excellent property management services for more people – a purpose which still guides the way we do business in a highly competitive and fragmented sector today. Drawing on our brand strength and service quality, we have expanded our business beyond property management services and become a leading service provider with a growth model built upon the synergy of businesses across community, commercial and urban spaces, serving a diverse array of properties such as residential communities, workspaces and public premises, and a broad customer base covering property owners, corporate and other institutional clients. Leveraging R&D investments, we have developed AIoT and BPaaS solutions aiming to digitalize workflows, mobilize resources and improve efficiency of the spaces we serve. As our service offerings intertwine and further integrate with purpose-built technologies, we become well-prepared to achieve economies of scale and capture adjacent opportunities. In terms of geographic focus, we strive to provide quality services to customers in high-tier cities with strong economic fundamentals.

The following diagram illustrates our business model:



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With our continuous effort in exploring new growth directions and proactive approach to refining our business strategies, we have extended our service reach from single properties to community, commercial and urban spaces, and also developed different vertical business lines that cater to the evolving needs of customers we serve within each of the spaces. Our customer-centric philosophy allows us to know and serve customers better and manage our business more efficiently. The business model we established comprises the following three business segments:

- ***Community space living consumption services.*** Services we offer to individual customers, such as property owners and residents, are primarily categorized under this business segment. To address the diverse needs of property owners and residents in various consumption scenarios encompassing residential living, we provide a broad range of services in community space, including residential property services, home-related asset services and other community value-added services. We carry out residential property services using the *Vanke Service* brand. As an extension of our residential property services, we have also launched *Pulin* and a series of other brands to broaden our service offerings for community spaces, with a strategic focus on home-related asset services, including home sale and rental brokerage services and home renovation and furnishing services.
- ***Commercial and urban space integrated services.*** Services we offer to corporate, government and other institutional clients other than our AIoT and BPaaS solution services are categorized under this business segment. Aimed at creating pleasant commercial and urban spaces, we provide corporate, government and other institutional clients with property and facility management services, value-added services for developers and urban space integrated services. The establishment of our premium property and facility management brand, *Cushman & Wakefield Vanke Service*, marks our successful integration with Cushman & Wakefield's property and facility management services business in Greater China, as well as the inception of a new stage in our business development when clients became a strategic priority. We also offer urban space integrated services that benefit various stakeholders of the urban public spaces, including but not limited to government authorities and the general public, through the use of our *City Up* brand.
- ***AIoT and BPaaS solution services.*** Our technology offerings are separately grouped under this business segment. As part of our holistic approach to enhance service capabilities and efficiency, we have consistently invested in R&D activities and developed a series of technology-enabled solutions which focus on standardizing and digitalizing our services in community, commercial and urban spaces, including (i) AIoT solutions; and (ii) BPaaS solutions. These solutions served as the stepping stone for us to achieve remote operation of on-site services ahead of our peers in China and help more corporate customers across industries to explore future opportunities.

Our Pathway of Growth

Since our inception in 1990, we have laid the foundations to support our sustainable growth with a sound corporate governance structure and Onewo culture of self-motivation. We continue to look beyond the status quo, shaping and leading the industry through relentless innovation. The following are our key features in the pathway of growth.

Multiple growth levers created by market-shaping brands

Vanke Service

Inspired by China Vanke Group’s vision of “delivering good property services (做好物業服務),” we have successfully established a highly-regarded and well-recognized brand of residential property services, *Vanke Service*. We were one of the early movers and standard-setters in the commercialization of property management services industry in China. In 1991, we introduced the concept of “collective governance,” a property management model integrating the self-governance of property owners and the expertise of a professional property manager, and participated in the establishment of the first property owners’ association in China. In 1996, we were awarded the residential property service agreement for Ludan Village (鹿丹村) in Shenzhen, which was China’s first residential community that selected property management service provider through a tender and bidding process. Also in 1996, we became the industry first to obtain ISO9002 certification, demonstrating our leading position in enhancing quality control of property management services. In 2001, we became one of the first batch of property management service providers in China to receive first-class property management qualification at a national level from the former Ministry of Construction (presently known as MOHURD) of the PRC.

Reacting nimbly to the evolving needs of property owners and residents in the community space, we created the “coordinator service system” spanning the full life cycle of services in community space, shifting our role from a “janitor,” who is only capable of undertaking basic property management functions such as cleaning, greening, security and repair and maintenance in the common area, to a “coordinator,” who can deliver an expanded suite of value-added services, such as home sale and rental brokerage services and home redecoration and furnishing services, based on a more comprehensive understanding of what property owners and residents need, and how we could serve them better.

Cushman & Wakefield Vanke Service

We have been contemplating how to enhance our market position as an independent and competitive company rather than being regarded as the “after-sales department” of real estate developers for years. Inspired by the growth path of leading global real estate firms and supported by our established success in the residential property service sector, we decided to expand our reach into commercial spaces to reduce our reliance on China Vanke Group and other real estate developers. In July 2018, our Group subscribed for 4.9% of ordinary shares

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of *Cushman & Wakefield* plc (“*Cushman & Wakefield*”) (NYSE: CWK), one of the “Big Five” Global Real Estate Firms. Since then, our understanding of services in relation to commercial spaces has been strengthened through our involvement in *Cushman & Wakefield* as its strategic shareholder.

On December 12, 2019, we made a further move to form strategic partnership with *Cushman & Wakefield*, merging and consolidating the strengths of both parties. On January 6, 2020, our Group and *Cushman & Wakefield* became shareholders of Rugby Cayman Limited (currently known as CWVS Holding Limited, or “CWVS”), holding 65% and 35% interest, respectively. Since then, CWVS and its subsidiaries, have been consolidated as our subsidiaries and become the platform of our property and facilities management services. For details, see “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers during Track Record Period — Establishment of *Cushman & Wakefield Vanke Service*.”

Below sets forth the key terms of strategic partnership arrangement in force between our Group and *Cushman & Wakefield*:

Parties	:	(i) Our Group, being shareholder holding 65% interest in CWVS Holding Limited; and
		(ii) <i>Cushman & Wakefield</i> , being shareholder holding 35% interest in CWVS Holding Limited
Purpose of the strategic partnership	:	(i) To merge and consolidate the strengths of both parties in terms of branding, talent management and provision of property and facility management services; and
		(ii) To effectively integrate our Group’s local insights and existing competitive edges in the Greater China with the international perspectives, top talent and brand heritage of <i>Cushman & Wakefield</i>
Scope of services	:	<i>Cushman & Wakefield Vanke Service</i> primarily covers commercial property services, integrated facility management services and other value-added services.
Management of CWVS Holding Limited	:	The board of CWVS Holding Limited shall consist of up to five directors, of whom (i) three directors shall be appointed by our Group; and (ii) two directors shall be appointed by <i>Cushman & Wakefield</i> , in accordance with the articles of association of CWVS Holding Limited and terms set out in the shareholders agreement (as amended and supplemented from time to time).
Restriction of transfer of interests in CWVS Holding Limited	:	Pursuant to the articles of association of CWVS Holding Limited, no shareholder shall transfer any interest in CWVS Holding Limited, without the prior written consent of other shareholder, except for situations including (i) transfer of equity interest in China Vanke or <i>Cushman & Wakefield</i> ; (ii) transfer of equity interest in our Company subsequent to a qualified initial public offering (as defined in the articles of association of CWVS Holding Limited) (“ QIPO ”); (iii) transfer of interest in CWVS Holding Limited to any subsidiary of <i>Cushman & Wakefield</i> ; (iv) transfer of interest in CWVS Holding Limited to (a) our Company or (b) any subsidiary of China Vanke prior to the QIPO, provided such subsidiary shall be our subsidiary subsequent to the QIPO or (c) any subsidiary of our Company subsequent to the QIPO; or (v) transfer of interest in our Company in a pre-initial public offering reorganisation or pre-initial public offering financing provided that China Vanke shall remain as the Controlling Shareholder of our Company, in accordance with the articles of association of CWVS Holding Limited and terms set out in the shareholders agreement (as amended and supplemented from time to time).

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In July 2020, we launched our *Cushman & Wakefield Vanke Service* brand for property and facility management services, which marks the successful integration of business, talents and experience from both parties, as well as the inception of a new stage in our business development especially by enriching our service portfolios with integrated facility management services. In 2021, according to Frost & Sullivan, in terms of revenue from property and facility management services in the PRC, we ranked the first and outperformed “Big Five” Global Real Estate Firms and all other international and local market players.

The strategic partnership has achieved the following synergies:

- ***Global vision and Greater China Focus.*** We believe our strategic partnership with Cushman & Wakefield – a “Big Five” with more than 100 years’ history – enables us to effectively integrate our local insights and long-standing reputation in Greater China with the international perspectives, top talent and brand heritage of Cushman & Wakefield. As a result of our ability to deliver quality and consistent property and facility management services in various geographical locations and settings, we have experienced robust growth after integration. Our GFA under management increased by approximately three times from approximately 48 million sq.m. as of December 31, 2019 to approximately 136 million sq.m. as of March 31, 2022.
- ***Integration of Resources and Talents.*** We have successfully combined our management talents and resources with those of Cushman & Wakefield to maximize the collective strength of two brands in one platform, inspiring top global and local professionals to achieve their ambitions together with our new team. For example, we launched our *Cushman & Wakefield Vanke Service* brand in July 2020, a brand that integrates international perspective and local expertise. In addition, we are also authorized to use the *Cushman & Wakefield* brand in Greater China, which is mainly aimed at serving foreign enterprise clients, as well as the *Onewo Business Enterprise* brand, primarily targeting domestic enterprise clients. We were the first, and as of the Latest Practicable Date, the only Chinese company which managed to complete a business combination of the Greater China property and facility management services with one of the “Big Five” Global Real Estate Firms.
- ***Expansion of Client Base.*** Benefited from the versatile brand strategy and the “land-and-expand” nature of property and facility management business, we have (i) attracted an increasing number of clients with diversified backgrounds, including foreign, multi-national or local enterprises across various industry sectors, such as Internet, financial services, telecommunications, medical services and etc., and (ii) strengthened customer relationship through expanded service offerings and customized solutions. Going forward, we believe our client base will continue to grow, especially in advanced industry sectors such as bio-medicine and high-end manufacturing. The broad client base will enable us to greatly reduce our dependence on real estate developers, and is conducive to our independent development with a solid foundation.

Serving a City

“Serving a city” was an idea that came into our mind as we rapidly grew and diversified our business across community and commercial spaces. By introducing urban space integrated services, we incorporate our expertise and insights into urban governance, creating value for a broader base of stakeholders. In May 2018, we were the first to implement “city-as-a-property (物業城市)” project in China, where we act as a “city coordinator (城市管家)” offering full process solutions to empower the management, coordination and service operations of public resources and public premises of urban spaces.

Mutually beneficial strategic partnership with China Vanke Group

As we continue to grow our business and expand our service offerings, we have established a broad client base covering property owners, property owners’ associations, corporations, such as China Vanke Group, and municipal service providers. The strategic partnership between us and China Vanke Group is a long-standing, mutually beneficial and complementary one, and our status as a trusted partner of China Vanke Group, particularly in terms of property management services, AIoT solutions, sales center and model room management services and home sale services, is readily apparent. According to Vanke residential properties customer satisfaction survey conducted by FG Consulting (賽惟) in 2021, high-quality property management services was a critical factor contributing to the top repeat purchase rate of properties developed by China Vanke Group.

Synergistic value unlocked by “Remote & Hybrid” operation in Onewo Towns

Our “Onewo Town (萬物雲街道)” serves as an example that highlights our ability to integrate service offerings with technology-enabled solutions. Onewo Towns are strategically selected sub-districts where we connect our managed properties and facilities across community, commercial and urban spaces to achieve synergistic operation, which could in turn allow us to enable economies of scale, capture new opportunities, and ultimately, establish a long-standing, collaborative relationship among service providers and customers. According to Frost & Sullivan, we are the first in the industry to adopt a density-focused and sub-district-anchored approach to expand our principal business.

Within each “Onewo Town”, we create a localized service network by: (i) making investments in the technology infrastructure to transform on-site work to remote operations (***Remote***); and (ii) integrating supply chain resources (such as subcontractors and workers) to mobilize resources across traditionally segregated spaces through dispatching system and achieve operational efficiency (***Hybrid***). For a detailed discussion of our Onewo Towns and the benefits derived from “Remote & Hybrid” operation, see “— Our Competitive Strengths — Our “Onewo Town” model creates new revenue opportunities and enables economies of scale.”

Our Mission

Our mission, “**Reshape Space Efficiency, Service For Ever Better** (重塑空間效率,服務歷久彌新),” illustrates in simple terms our commitment to spaces, assets, customers and service personnel. Our approach to fulfilling such mission is to continuously serve well, embrace innovation, and invest in technology to optimize service capabilities.

OUR COMPETITIVE STRENGTHS

We are a leading service provider in community, commercial and urban spaces in China with brand influence

Having in place brand influence and density-focused strategy, we continue to lead the way in providing services in community, commercial and urban spaces.

We have a persistent brand strategy

Over the past 30 years, we have gradually built up a diverse, strategically aligned and highly regarded Onewo brand portfolio, with *Vanke Service* and *Cushman & Wakefield Vanke Service* being our core brands. Set forth below are our service brands under each business segment:

- *Community space living consumption services: Vanke Service, Pulin and Onewo Inhome (萬物為家)*
- *Commercial and urban space integrated services: Cushman & Wakefield Vanke Service and City Up*
- *AIoT and BPaaS solution services: Vanrui IntelliTech (萬睿科技), Xiangying Enterprise Service (祥盈企服) and “The Fifth Space (第五空間)”*

Guided by our purpose of pursuing excellent property management services for more people, we have been dedicated to building the premium brand image and outstanding reputation of *Vanke Service* for decades. Today, *Vanke Service* continues to be recognized by our clients and the industry. In the three months ended March 31, 2022, as a result of consistently high customer satisfaction rates, the property management fee collection rate and the retention rate of our residential property services were approximately 94.7% and 99.8%, respectively. As of March 31, 2022, 1,657 of residential properties under our management were developed by Independent Third Party property developers, representing 57.4% of the total number of residential properties under our management. *Vanke Service* was the top-rated property services brand according to a national property service customer satisfaction survey conducted by Leju.com (樂居財經) in 2022. An industry research report published by China Index Academy (中指研究院) in 2019 shows that the brand value of *Vanke Service* was approximately RMB13.0 billion. In addition, we received “China’s Leading Enterprise in Online Community Operation (中國互聯網社區運營領先企業)” award in 2019 and had been

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ranked first for ten consecutive years among “Top 100 Property Management Companies in China (中國物業服務百強企業)” according to China Index Academy, until we announced our withdrawal from all similar rankings in 2020 following the adjustment of our marketing strategy.

In commercial spaces, we undertake property and facility management services, including commercial property services and integrated facility management services, primarily through the use of our iconic *Cushman & Wakefield Vanke Service* brand. We believe that the brand recognition of *Cushman & Wakefield Vanke Service* is a testament to the collective strength of Cushman & Wakefield’s brand heritage and consistently high service levels across the globe, and Onewo’s long-standing reputation and expertise in the local market. As of March 31, 2022, the number of property and facility management projects sourced from Independent Third Parties amounted to 1,477, accounting for 84.2% of our total number of property and facility management projects under our management. In the three months ended March 31, 2022, the retention rate of our property and facility management projects sourced from Independent Third Parties was approximately 99.7%.

We believe that strong brand influence and expertise have become our core strengths that drive our sustainable growth. Looking ahead, we will continue to navigate the right path to enhancing service quality, strengthening brand image, improving brand value and enhancing customer loyalty.

We focus on increasing the spatial density and diversity of services in strategically important cities

Increasing the spatial density and diversity of our services in high-tier cities has been a strategic priority since our inception. As of March 31, 2022, we had extended our footprint to 159 cities in 32 provinces in China. As of the same date, our GFA under management of residential properties in strategically important cities, namely first-tier, new first-tier and second-tier cities, accounted for approximately 89.0% of our total GFA under management of residential properties, and our property and facility management projects in first-tier, new first-tier and second-tier cities accounted for approximately 90.2% of the total GFA under management of our property and facility management projects. As of the same date, we managed over 50 projects in each of 31 cities. In particular, in first-tier cities, we managed over 228 projects on average. Our unique density-focused strategy has enabled us to command a higher premium in property service fees as residents in high-tier cities generally enjoy higher disposable income and stronger purchasing power. During the Track Record Period, our average monthly saturated income per sq.m. of residential properties under management was approximately RMB3.06, RMB3.08, RMB3.13 and RMB3.14, respectively.

In commercial spaces, we develop, sustain and grow client relationships with key client initiatives anchored around industry leaders of our focus. As of December 31, 2021, our commercial space clients included eight of China’s top ten Internet companies in terms of market capitalization and seven of China’s top ten financial services companies in terms of market capitalization. In urban spaces, our urban space integrated services, primarily carried

out through our joint ventures or associated companies, have achieved phenomenal success in Shenzhen Bao'an International Airport, the Guangdong-Macao In-Depth Cooperation Zone in Hengqin of Zhuhai (the “**Hengqin Cooperation Zone**”) and various other projects in high-tier cities. See “— Commercial and Urban Space Integrated Services — Urban Space Integrated Services — Highlighted Case.”

Our efforts in implementing density-focused strategy and maximizing synergies across multiple spaces are bearing significant fruit. In 2021, we ranked first in terms of revenue derived from first-tier, new first-tier and second-tier cities among all property service companies in China according to Frost & Sullivan. Our revenue generated from first-tier cities and Hong Kong, new first-tier cities and second-tier cities exceeded RMB22 billion in 2021.

Synergy from our mutually beneficial partnership with China Vanke Group continues to underpin our growth

Strong shareholder support has accelerated our journey to becoming a market leader. The brand of our Controlling Shareholder and strategic partner, China Vanke Group, is one of the most respected in the real estate industry in China. According to China Index Academy, as of December 31, 2021, the brand value of China Vanke Group exceeded RMB130 billion. In 2021, China Vanke Group ranked first among China's real estate developers in terms of overall strength, according to the China Real Estate Industry Association (中國房地產業協會) and China Real Estate Appraisal Center (中國房地產測評中心). Among Fortune Global 500 Companies, China Vanke Group ranked 160th in 2021. China Vanke Group currently has a dual listing status on the Shenzhen and Hong Kong stock exchanges. China Vanke Group is also one of a few Chinese real estate developers that has consistently maintained investment-grade ratings from all three global credit rating agencies, namely Fitch Ratings, Moody's and S&P Global.

For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, China Vanke Group recorded a total contract sales amount in terms of real estate development business of RMB630.8 billion, RMB704.2 billion, RMB627.8 billion, RMB179.5 billion and RMB106.5 billion, respectively, with a corresponding GFA of 41.1 million sq.m., 46.7 million sq.m., 38.1 million sq.m., 11.0 million sq.m. and 6.3 million sq.m., respectively. In 2021, China Vanke Group ranked second among Chinese real estate developers according to Frost & Sullivan. As of December 31, 2021, the total GFA of China Vanke Group's property projects under development was approximately 103.7 million sq.m., of which the aggregate GFA attributable to the China Vanke Group was approximately 64.3 million sq.m. As of the same date, the total GFA of China Vanke Group's property projects held for future development was approximately 45.2 million sq.m., of which the aggregate GFA attributable to China Vanke Group was approximately 29.1 million sq.m. Our long-term business with China Vanke Group has been constantly creating recurring revenue opportunities that drive our sustainable growth.

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As a leading real estate company listed on the Shenzhen and the Hong Kong stock exchanges, China Vanke Group has established a sound and sophisticated corporate governance system to ensure ethical business practices. We remain committed to the core values and philosophies of China Vanke Group, which we believe are essential to our long-term success, including (i) the mission of enabling environmental sustainability, making substantial impacts in the wider community and promoting a corporate culture that values healthy lifestyle; and (ii) the vision to be a respected, forward-looking enterprise dedicated to achieving the people's aspiration for a better life, and to constantly lead the industry through creating quality-driven growth and delivering real, long-term value to the broadest base of stakeholders.

We believe we have established a mutually beneficial partnership with China Vanke Group. In particular, our status as a trusted long-term partner of China Vanke Group for property services, AIoT solutions, sales center and model room management services and home sale services, is readily apparent. These services have created long-term value to owners of properties developed by China Vanke Group, helping China Vanke Group enhance customer stickiness and increase repeat purchases. According to FG Consulting's customer satisfaction survey in 2021, high-quality property services was a critical factor contributing to the top repeat purchase rate of properties developed by China Vanke Group.

We continue to stay ahead of the curve through relentless innovation

Driven by a corporate culture that highly values self-motivation, our multidisciplinary service teams have never ceased to expand possibilities and incubate new vertical business lines. Innovation has enabled us to expand our business beyond property management and optimize our service offerings. By developing new vertical business lines in community and commercial spaces and accelerating our technology transformation, we live up to our customer-centric philosophy, creating value for customers in more directions with a service portfolio that continues to upgrade and expand.

Our coordinator's mindset positions assets and customers at the center of our comprehensive service offering

In providing community space living consumption services, our goal has always been to spend money wisely for owners of the residential properties we manage, helping them achieve their asset preservation and capital appreciation objectives. The way we achieve this is to take a step further than delivering excellent residential property services and become a versatile "coordinator." In this regard, we have successfully developed a comprehensive suite of value-added services using our *Onewo Inhome* brand. *Pulin* is the sub-brand of our home sale and rental brokerage services. As of March 31, 2022, *Pulin* had extended its footprint to over 50 cities, with over 600 storefronts. Deeply rooted in the residential properties we serve, our *Pulin* team enjoys a closer distance to properties and lower client acquisition costs. In 2021, our revenue generated from home sale and rental brokerage services increased by 29.5% as compared to 2020. As we scaled up our home sale and rental brokerage services, we discovered the unmet demand for building maintenance and home redecoration services. We vigorously

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responded by introducing new vertical business lines using new service brands. This is how we deliver on our promise of “being customer-centric” — we figure out what they need, and enrich our offering to accommodate their needs.

In the context of commercial spaces, our role as a “coordinator” is to provide one-stop outsourcing management solutions addressing corporate and institutional clients’ diverse workplace needs arising from their non-core business processes. Benefiting from our ever expanding service offering and our strategic focus on corporate and institutional clients, we are able to align our growth with their rising workplace needs, and deliver not only property services for individual office premises, but portfolio solutions across geographies. Specifically, carry out property and facility management services, including integrated administrative support, event support, and concierge services, to meet the demands of our corporate and institutional clients in a variety of settings. For instance, since we were engaged as a property and facility manager for the headquarters building of a leading technology conglomerate in 2017 (“**Client A**”), we continued to deepen such partnership by growing the Client A portfolio we manage. As of March 31, 2022, we were contracted by Client A to manage 20 properties of varying size and scale located in Shenzhen, Beijing, Guangzhou, Xiong’an and Xi’an, with an accumulated contract amount of over RMB500 million. Our GFA under management of the Client A portfolio increased from 17,636 sq.m. as of December 31, 2017 to 710,713 sq.m. as of March 31, 2022. During the Track Record Period, we recorded a rapid growth in revenue from property and facility management services. In 2019, 2020 and 2021, revenue generated from our property and facility management services amounted to RMB2,568.8 million, RMB4,023.3 million and RMB5,288.1 million, respectively, representing a CAGR of 43.5% from 2019 to 2021. Revenue generated from our property and facility management services increased by 61.9% from RMB1,020.4 million in the three months ended March 31, 2021 to RMB1,651.9 million in the three months ended March 31, 2022.

Breaking through the traditional boundaries of property management services has become a constant of how we do business

We believe there is enormous untapped potential in urban spaces. As a “coordinator” providing urban space integrated services, we manage a city as if we are managing a large estate (大物業), where we incorporate our commercial sense, operational excellence and intelligent resource management platform into urban governance to transform public service processes, creating value for stakeholders such as government authorities and the general public. Our urban space integrated services comprise: (i) territory-wide space governance solutions, such as urban cleaning and sanitation services and repair and maintenance of municipal infrastructure; and (ii) public space operation services, such as tenant sourcing services for state-owned properties and portfolio management services for public institutions. We also work closely with sub-district offices to enhance public services in a number of underserved old communities. In addition to making cities more livable, our professional, digitally-enabled solutions help clients resolve complex urban governance issues and achieve optimal operational results.

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As of March 31, 2022, we had an extensive portfolio of 52 urban space integrated services projects across 30 cities, covering, among others, (i) multiple sub-districts in Futian District of Shenzhen, Jianghan District of Wuhan, Shunde District of Foshan; and (ii) Chengdu High-Tech Zone, Xiong'an New Area, Beijing Lize Financial Business District and Kulangsu of Xiamen. In Chengdu High-tech Industrial Development Zone, for instance, we provide garbage classification, sanitation and cleaning, maintenance of roads and bridges and urban landscaping services through an associated company. Since the end of 2019 and as of the Latest Practicable Date, we completed nearly 100,000 work orders of varying complexity.

Technology continues to empower our transformation as we expand services across spaces

In providing our services, we embrace technology to enrich our service offerings and enhance customer experience. AIoT solutions provided by *Vanrui IntelliTech* have enabled an array of service scenarios to be digitalized, visualized and easy to manage, and together with the interconnectivity and convenience provided by our space-cloud services, we can realize our vision of operating on-site property services remotely, bringing long-term benefits to our people, clients and the communities.

We have outstanding market expansion capabilities and successful business integration experience

We have strong track record of winning new service mandates through our brand value and solid experience in identifying and acquiring businesses to implement our spatial density strategy

Our proven track record of winning new service mandates from third-party clients speaks to our brand value. In respect of community space living consumption services, as of March 31, 2022, the number of residential properties under management which were developed by Independent Third Parties accounted for 57.4% of the total number of residential property services projects under management. As with property and facility management services we provide in commercial spaces, as of March 31, 2022, the number of projects sourced from Independent Third Parties accounted for 84.2% of the total number of our property and facility management projects under our management. As of the same date, the average monthly saturated income per sq.m. for our managed residential properties developed by Independent Third Parties stood at approximately RMB2.96, while the average monthly saturated income per sq.m. for our managed workspaces developed, owned or occupied by Independent Third Parties was approximately RMB5.75. As of December 31, 2019, 2020, 2021 and March 31, 2022, our newly contracted GFA for projects developed by Independent Third Parties reached 65.0 million sq.m., 63.0 million sq.m., 94.8 million sq.m and 21.6 million sq.m., the corresponding saturated income of which reached approximately RMB2.4 billion, RMB2.3 billion, RMB4.4 billion and RMB1.0 billion, respectively.

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Besides our organic growth mentioned above, we also achieved expansion through mergers and acquisitions. Our historical mergers and acquisitions during the Track Record Period were carried out in a prudent and orderly manner. In achieving our expansion objectives, we managed to use our operating cash flows wisely, and flexibly structure transactions to maximize shareholder value. In 2019, 2020 and 2021, we had net cash flows from operating activities in the amount of RMB2,091.0 million, RMB2,557.2 million and RMB2,833.6 million, respectively. Our net cash used in operating activities for the three months ended March 31, 2022 was RMB1,917.4 million. In addition, we selectively pursue quality acquisition targets in line with our strategy to increase spatial density of services. For example, in 2021, we acquired Bon Property and Yango Intelligent through cash and share, respectively, which further enhanced our market share in the regional market.

With the depth of our industry knowledge and the breadth of our operating practices, we were able to maintain sustainable growth momentum and successfully achieve business and leadership integration, following the initiatives to expand our business with third-party clients

After completing our strategic move to establish *Cushman & Wakefield Vanke Service*, the management and mid-to-senior level leaderships of two property and facility management teams made a smooth transition. We successfully combined our management talents and resources with those of Cushman & Wakefield to maximize the collective strength of two brands in one platform, inspiring top global and local professionals to achieve their ambitions together with our new team. After the business combination, we are licensed to flexibly use the brand names of *Cushman & Wakefield Vanke Service*, *Cushman & Wakefield* and *Onewo Business Enterprise* in line with our client engagement strategy. We have also further expanded our client base, with an increasing brand influence across Internet, real estate, financial services, telecommunications, medical services and high-end manufacturing sectors. Having in place effective key client initiatives, we believe *Cushman & Wakefield Vanke Service* has become a go-to brand for services in commercial space in our focused industries. For instance, as of the Latest Practicable Date, we had been contracted to manage properties owned or occupied by over 60 unicorns and leading Internet and technology companies in China, among which, over 30 clients had a market capitalization of over US\$10 billion as of December 31, 2021.

Since the launch of *Cushman & Wakefield Vanke Service*, our project portfolio has continued to expand and diversify. As of March 31, 2022, we offered solutions to office spaces, commercial complexes, research institutes, schools, public premises and urban renovation projects, with a GFA under management exceeding 135.6 million sq.m. As of March 31, 2022, we secured more than 50% of 200m+ super high-rise property and facility management projects in China that initiated tender and bidding process in 2021. Also in 2021, according to Frost & Sullivan, in terms of revenue from property and facility management services in the PRC, we outperformed “Big Five” Global Real Estate Firms and all other international and local market players.

Our long-term investments in R&D have equipped us with industry-leading technology capabilities

We believe remote operation and artificial intelligence are shaping the future of our industry. Our insights and commitment to technology are reflected in years of significant investments in R&D activities, which have equipped us with the capabilities to establish the technology capabilities that enable remote operation. During the Track Record Period, our R&D expenses amounted to RMB203.6 million, RMB249.5 million, RMB373.7 million and RMB105.2 million. By devoting ourselves to serving our clients in a standardized, digitalized and intelligent manner, we seek to ensure the consistent delivery of quality services.

The industry-leading technology system we established over years comprises three layers: AIoT system and cloud-edge collaboration capabilities at the bottom layer, BPaaS solutions at the middle layer, and AI solutions at the top layer.

AIoT system and cloud-edge collaboration capabilities at the bottom layer (sensing layer)

Our AIoT system connects granular operational information generated by tens of millions of smart devices such as wireless sensors. Such information, when shared across our AIoT system and processed by our algorithms, allows us to perform 24/7 remote monitoring of a diverse set of facilities and equipment, significantly reducing our response time without sacrificing the quality of service delivery.

We have also established a cloud-edge AI network to augment real time monitoring and emergency response capabilities. AIoT-enabled edge servers installed alongside of sensing devices such as cameras are the tools we rely on to collect operating information for preliminary analysis and constantly monitor the performance of on-site services. Emergency work orders are automatically generated when the edge servers detect anomalies. In addition, machine learning algorithms available at our cloud platform enhance the ability of edge servers to respond in more complex scenarios and environments. As of the Latest Practicable Date, we had developed eleven types of machine learning algorithms, addressing such issues as parking violations in the community spaces and waste categorization and spillover management.

AIoT solutions have been commercialized to help our clients navigate the future of the industry. Our technology arm, *Vanrui IntelliTech*, offers integrated smart space solutions spanning construction planning and design, technology development and integration, construction and installation and post-delivery operation and maintenance stages. Key customers of *Vanrui IntelliTech* include major property developers, as well as corporate and institutional clients. Our revenue generated from AIoT solutions in 2019, 2020 and 2021 was RMB692.6 million, RMB782.8 million and RMB1,216.4 million, respectively, representing a CAGR of 32.5% from 2019 to 2021. Our revenue generated from AIoT solutions increased by 20.7% from RMB258.0 million in the three months ended March 31, 2021 to RMB311.5 million in the three months ended March 31, 2022.

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BPaaS solutions at the middle layer (service layer)

Integrating our AIoT system and remote operation capabilities, we have created data-driven and algorithm-enabled BPaaS solutions to standardize and digitalize our services. Our space-cloud services primarily include: (i) cloud-enabled maintenance inspection; (ii) cloud-enabled predictive maintenance; (iii) cloud-enabled coordination; (iv) cloud-enabled customer services; and (v) cloud-enabled access control. Taking cloud-enabled maintenance inspections as an example, the extensive coverage of our wireless sensors has allowed us to conduct uninterrupted smart inspections on various equipment and facilities on a real time basis. The amount of our manual inspection tasks has been largely reduced, while the front-line operational risks could be managed more effectively. See “— Research & Development — Middle Layer (Service Layer): BPaaS Solutions Supported by AIoT System and Remote Operation Capabilities” for details.

With the support of our AIoT system at the bottom layer, we have launched the Wuhan Remote Data Operation Center, a remote operation system and management platform equipped with digital service processes. As of March 31, 2022, Wuhan Remote Data Operation Center had brought together over 2,000 property service projects. Through *Xiangying Enterprise Service*, we also provide a comprehensive suite of remote operation solutions for specific enterprise functions, including remote finance processes, human resources operations, recruitment operations and information technology help desk services, transforming the business processes of middle offices and back offices of corporate and institutional clients.

Built on the strength of our AIoT system, space-cloud services and remote operation capabilities and with the assistance of our proprietary work order and task management platform, our BPaaS solutions have successfully integrated on-site services and remote operation, guiding and coordinating decision makers, front-line service personnel and customers in various service scenarios and settings. As of the Latest Practicable Date, our BPaaS solutions had been applied to service processes in relation to customer services, security management, electromechanical device maintenance and cleaning. Among 167 service processes, 64 had been softwarized.

As of the Latest Practicable Date, our BPaaS solutions had also been put into trial operation and delivered in managed projects across community, commercial and urban spaces. We are currently actively engaging potential external clients with a view to achieving our ultimate goal of commercialization.

AI solutions at the top layer (smart coordination layer)

The top layer of our technology system is in the process of internal build-up. In addition to the integrated technology solutions we have developed at the bottom layer and the mid layer, we are developing new products that will constitute our AI solutions designed to deal with more complex scenarios of services.

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Our technology solutions have amplified and accelerated our scale and speed in reducing our reliance on manual labor and enhancing service efficiency, empowering on-site services for remote operations.

Our “Onewo Town” model creates new revenue opportunities and enables economies of scale

A sub-district is a small administrative division in China which is typically part of a larger urban area. Onewo Towns, as our insight-driven and technology-enabled solution, are strategically selected sub-districts in which (i) we have multiple properties under management; and (ii) our employees could commute between managed properties within 20 to 30 minutes. By connecting all managed properties in Onewo Towns, we can provide hybrid services across community, commercial and urban spaces through resource sharing and expedited response. This model embodies our vision to transform services from the supply side. Taking customer demand as a constant, it envisions our next generation services built upon the synergistic operation of traditionally segregated managed properties in Onewo Towns, which we believe can enable economies of scale, create new opportunities, and ultimately, establish a long-standing, collaborative relationship among service providers and customers.

To implement the “Onewo Town” model in a target sub-district, we will establish an offline service network with enhanced productivity. This is accomplished by: (i) increasing the spatial density of our services in the target sub-district by acquiring new residential property service projects; (ii) making investments in the technology infrastructure in the target sub-district, such as the *Lingshi E Control* operation system, *Blackcat* series unmanned pedestrian access control system, cleaning equipment and service training center; (iii) integrating our supply chain resources (such as smart devices, subcontractors and workers) within the target sub-district to serve multiple managed properties and facilities, in order to enhance operational efficiency and save costs; and (iv) deploying sub-district representatives to explore unmet demands of existing and potential customers and capture new commercial and urban space business opportunities. We will then create a digital community service platform to address lifestyle and business needs of various stakeholders, as well as a remote work order and task management platform to coordinate and mobilize our workforce within the target sub-district, thereby forming a highly efficient, technology-enabled online service network. Finally, our offline and online service networks will deeply integrate and advance into a localized service network, which enables “Remote & Hybrid” operation in the target sub-district.

The “Onewo Town” model has brought about tangible benefits in our pilot sub-districts. In Bantian, a sub-district in Shenzhen with approximately 63,000 households (“**Bantian**”), we had managed eleven residential property service projects and seven property and facility management projects, serving a total of 22,727 households (or 36.1% of the total number of households in Bantian) as of June 30, 2022. With the integration of our supply chain resources in Bantian, we were able to replace 65 security guard jobs and 53 cleaner jobs with shared smart devices, saving costs by RMB0.34 per sq.m. per month in the first quarter of 2022. We have invested RMB19.0 million for the establishment of Bantian Onewo Town, and were able

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to achieve an increase of 9.6 percentage points in terms of gross profit margin in the first half of 2022 as compared to the same period in 2021. In the first half of 2022, our revenue derived from Bantian Onewo Town in relation to community space living consumption services was RMB65.3 million. And for certain Onewo Towns (including Bantian and Longcheng in Shenzhen, Liangdong in Hangzhou, Xindian District in Fuzhou, Donghuo in Zhongshan and Jinjiyu West in Suzhou), we were able to achieve an average increase of approximately 12.0 percentage points in terms of gross profit margin in relation to residential property services in the first half of 2022 as compared to the same period in 2021. As for property and facility management services under commercial and urban space integrated services, we derived revenue of RMB14.6 million in the first half of 2022. In particular, attributable to our continued efforts in expanding the home decoration and furnishing services, clients' purchase of our services has achieved a significant increase. Taking Bantian Onewo Town for example, our average monthly newly contracted amount increased by approximately 180% from RMB1.1 million for the first quarter of 2022 to RMB3.1 million for the second quarter of 2022. In Tangjiadun sub-district in Wuhan, the increased spatial density of our services and synergies across multiple properties we manage enabled us to realize a margin expansion at the sub-district level from 2019 to 2021, according to the results of our internal review. We believe the success of our "Onewo Town" model is replicable. As of the Latest Practicable Date, based on internal assessment, we selected 3,402 sub-districts (including 531 Earmarked Onewo Towns where we have more than 3,000 households under management) that met our selection criteria for potential Onewo Towns as our initial-stage expansion targets.

We have a management team with strategic vision, a functional organizational structure and an effective and scientific ESG approach

We have a management team with strategic vision and a functional organizational structure

Our management team is composed of self-motivated professionals who constantly explore and expand beyond the boundaries of our business. Our executive Directors and senior management team have an average of over 10 years of professional experience across industries. Among them, Mr. Zhu Baoquan, our chairman of the Board and the general manager of our Company, has been with China Vanke Group and us for over 22 years and 12 years, respectively. With his extensive experience in the real estate and property services sectors, Mr. Zhu is widely recognized as a distinguished industry veteran. Mr. Zhu has spearheaded our initiatives to refine business structure, optimize business processes and promote strategic innovation, enabling us to sharpen our leading edge and become a key player that drives innovation, development and transformation of China's property services industry.

We have a functional organizational structure designed to support our strategic development. Armed with a culture of self-motivation, each of our vertical business units deeply understands the dynamics of the relevant industry where it operates and nimbly responds to achieve rapid growth. Ensuring competence at the level of each business unit, such specialization also enables synergistic operations, upon which we are able to pursue our business vision in achieving provisions of services across community, commercial and urban spaces. Further, we have built a regionally embedded service system catering to the specific

needs of regional clients based on our market insights. Guided by our enterprise-wide technology empowerment strategy, we strive to optimize and transform business processes and organizational structure. We also highly value the cultivation of talents. Benefiting from our long-term, diversified training and development mechanism, we have seen innovative and creative post-90's employees taking up important positions in our Group and realizing their career goals. By unleashing their potential and giving full play to their values, we are able to improve client results and drive innovation. Examples of these efforts include the “Dolphin Action of Innovation (海豚計劃)” employee innovation reward scheme we established in 2011, which has prompted a number of entrepreneurial operation and management approaches and practical solutions to actual work-related challenges.

We have an effective and scientific ESG approach

We understand that being a responsible corporate citizen is what our Shareholders, clients and employees expect from us. To this end, we have implemented effective and scientific environment, social responsibility and governance (ESG) measures, highlights of which are set forth as follows:

- *Workforce transformation.* Realizing that some job positions will be gradually replaced by artificial intelligence, we provide opportunities to employees who wish to transfer (i) from functional positions to front office positions; or (ii) from time-based positions to piece-based or performance-based positions, creating diversified pathways of growth for our front-line service personnel.
- *Occupational safety.* We proactively implement effective occupational safety measures to control the number of abnormal deaths in spaces under our management and reduce the casualty rate within our service areas.
- *Energy conservation and waste classification.* In commercial spaces under our management, we develop an array of energy-saving solutions and technologies. In community spaces under our management, on the basis of our current community waste classification services, we plan to enrich our environmental sustainability practices by exploring, for instance, the standardized process management of domestic waste classification.
- *Growing together with the community.* We help resolve problems associated with the renewal of underserved old residential properties by introducing property services and other related services. Our solutions break through the geographic boundaries of these residential properties, in an effort to promote their integration and coordinated development with the surrounding community.

OUR STRATEGIES

Strengthen our brand influence, actively expand across geographies and grow our client base

We will continue to adhere to our brand strategy. Leveraging the success of our core brands, being *Vanke Service* and *Cushman & Wakefield Vanke Service*, as well as our existing Onewo brand portfolio, we plan to reinforce our efforts in incubating new service brands to enrich our brand portfolio, forging new core brands in line with our strategic goals and improving brand appeal and customer loyalty. We believe such a brand portfolio will provide us with new growth momentum.

We will strategically expand our business across community, commercial and urban spaces, with a view to increasing spatial density of services in high-tier cities. As we scale up our services, we will continue to diversify the portfolio of properties and projects we manage.

Our growth strategy in services in community space will focus on deepening our relationships and creating new business opportunities with premium property developers and property owners' associations. In respect of commercial and urban space integrated services, we seek to establish strategic business relationships with more key industry clients and urban space clients. Guided by the service promise of "being customer centric," our goal is to broaden our client base by enabling service delivery tailored to meet their needs in various stages of growth and create value in more directions.

Further improve our overall technology capabilities with long-term investments

At the bottom layer, we intend to deliver our technology solutions to a broader base of clients, capitalizing on our ever growing AIoT and smart operation capabilities. Our focus will be on interconnecting a diverse set of integrated products through developing core algorithms and technologies that can identify our intelligent hardware products.

At the mid-layer, our next step will be improving the internal applications of our BPaaS solutions, introducing them to third-party clients and accomplishing our commercialization objective in the near term.

At the top layer, we will accelerate the development of scenario-specific artificial intelligence solutions through applying big data analytics and cloud computing, with a view to AI-enable property service processes in the future.

Continue to expand our service offerings by virtue of being customer centric

We endeavor to create more opportunities to do more for our customers of community spaces, with a strategic focus on asset-related services. Leveraging our brand recognition, loyal customer base and extensive experience in standardized operations on a massive scale, we believe we will be able to realize vigorous growth in home sale and rental brokerage services

and home renovation and furnishing services. As we explore other opportunities in the common areas and private spaces, we will strategically develop new services to further enrich our offerings for consumption scenarios throughout the entire life cycle of residential living, helping customers achieve their ultimate goal of asset preservation and capital appreciation.

In commercial spaces, our priority is to deliver one-stop integrated services to meet corporate and institutional clients' evolving needs regarding operational efficiency and other service expectations. This will require us to further optimize the design of our outsourcing management solutions to adapt to the challenges arising from non-core business processes faced by our clients with a one-stop shop approach.

In urban spaces, we identify ourselves as a “coordinator” and an integrated service provider that is capable of creating a more pleasant and livable urban space. We intend to deepen our presence in high-tier cities with strong economic fundamentals through exploring new project opportunities. One area of our urban space integrated services is to provide community governance solutions for select old residential properties or urban villages that have been underserved for years, with an aim to promote their integration with the wider community.

In enhancing the breadth of our community space living consumption services and commercial and urban space integrated services, we plan to proactively pursue strategic investment or acquisition opportunities in connection with upstream and downstream service providers along the industry chain, which demonstrate strategic value in optimizing our customer-centric service offerings.

Continuously optimize our “Onewo Town” model, replicate its success on a national scale and build up our industrial Internet

We will continue to optimize our “Onewo Town” model. This will be accomplished through proactively implementing technology-enabled remote operation solutions, providing hybrid services and deeply integrating our online and offline service networks in the select sub-districts. By enriching traditional scope of our services, we can further enable economies of scale and create new revenue opportunities, so as to achieve our vision to reshape space efficiency.

Our brand influence will remain as a strong support for our expansion initiatives. Guided by our density-focused strategy and a commitment to ensuring customer satisfaction, we intend to obtain new property service mandates and acquire property service providers in the target sub-districts, paving way for the introduction of our “Onewo Town” model to enhance service efficiency. We believe we will be able to swiftly replicate the success of our “Onewo Town” model on a national scale. Our current target is to establish hundreds of Onewo Towns within a time span of three to five years.

We believe that the industrial Internet and technology integration are reshaping the industry. Looking forward, leveraging the strength of our on-site services, we intend to develop Onewo's industrial Internet and interconnect all vertical business lines through technology.

Uphold our corporate values and maintain our leading position in the development and transformation of the industry

ESG will be a key driver for our sustainable growth. We will continue to be a responsible corporate citizen, enrich our ESG practices and uphold our core values of “Service (做服務者),” “Champion (永爭第一)” and “Positive (陽光健康).” Having secured our industry-leading position for decades, our pathway of growth echoes how property services have evolved and developed in China. Back in early 1990s, we began our journey as the after-sale service department of China Vanke Group, and established our first independent service brand — *Vanke Service*. In the past 10 years, we continued to expand the scope of our services, and underwent a transformation from a property-centric service provider with brand heritage, to a customer-centric service provider with a commitment to creating value in more directions. At present, we are in the process of optimizing our business model leveraging our long-term investments in technology and the proven client outcome of our “Onewo Town” strategy. Looking forward, we expect to establish an industrial Internet and empower other industry participants. We believe that our ability to constantly learn from the past and think ahead positions us well in maintaining our long-standing leadership in the development and transformation of the industry.

OUR BUSINESS MODEL

During the Track Record Period, we derived revenue from three segments: (i) community space living consumption services; (ii) commercial and urban space integrated services; and (iii) AIoT and BPaaS solution services.

- **Community space living consumption services.** In respect of this segment, we provide property owners and residents of our managed residential properties with residential property services, home-related asset services and other community value-added services, seeking to address their diverse needs in various consumption scenarios encompassing residential living. Set forth below are the details of our major services rendered under the community space living consumption services segment:
 - *Residential property services.* These services primarily include cleaning services, security services, gardening services and repair and maintenance services to property owners or residents for residential properties.
 - *Home-related asset services.* Our home-related asset services primarily consist of (i) home sale and rental brokerage services; and (ii) home redecoration and furnishing services.
 - *Other community value-added services.* Our other community value-added services primarily consist of carpark space sales assistance services.

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- **Commercial and urban space integrated services.** Aimed at creating pleasant and comfortable commercial and urban spaces, we offer property and facility management services, value-added services for developers and urban space integrated services, benefiting corporate, government and other institutional clients and various other stakeholders. Set forth below are the details of our major services rendered under the commercial and urban space integrated services segment:
 - *Property and facility management services.* In managing this business line, we offer comprehensive property and facility management services, including commercial property services and integrated facility management services. Properties we manage under this business line cover various types, including but not limited to office spaces, commercial complexes, industrial parks and public premises. Our property and facility management services primarily include security, cleaning and greening, facility operation and maintenance, environment, health and safety management, integrated administrative support, event support and concierge services.
 - *Value-added services for developers.* We provide property developers with a variety of value-added services, including (i) sale center and model room management services; (ii) building maintenance services; and (iii) pre-delivery support services.
 - *Urban space integrated services.* Our urban space integrated services primarily include (i) territory-wide space governance solutions; (ii) urban environmental governance solutions; and (iii) public space operation services. During the Track Record Period, our urban space integrated services were rendered primarily through our joint ventures or associated companies, and to a lesser extent, through our subsidiaries.
- **AIoT and BPaaS solution services.** In respect of this segment, we provide (i) AIoT solutions; and (ii) BPaaS solutions:
 - *AIoT solutions.* Our AIoT solutions may be provided to property developers, property owners and other corporate and institutional clients throughout various stages of the smart property life cycle, from initial engineering design, construction to post-delivery operation.
 - *BPaaS solutions.* In respect of this business line, we provide (i) remote enterprise operation services to support the non-core business processes of corporate clients; and (ii) remote space operation services, such as intelligent urban space workflow management services and operation data analysis services, primarily to our joint ventures and associated companies which engage in urban space integrated services.

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The table below sets forth a breakdown of our revenue, gross profit and gross profit margin during the Track Record Period by business segment and service line. For details of the material fluctuations of gross profit margin by type of services during the Track Record Period, please see “Financial Information — Principal Components of Profit or Loss — Gross profit and gross profit margin.”

	For the year ended December 31,						For the three months ended March 31,													
	2019		2020		2021		2021		2022		2022									
	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin								
RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%									
<i>(unaudited)</i>																				
Community space living consumption services																				
- Residential property services	7,251,379	52.1	9,130,142	50.3	1,369,836	15.0	11,362,630	47.9	1,265,378	11.1	2,473,474	52.1	2,473,474	52.1	3,553,485	51.9	362,146	10.2		
- Home-related asset services	890,041	6.4	294,055	33.0	950,440	5.2	301,567	31.7	1,255,539	5.3	380,736	30.3	216,577	4.6	53,540	24.7	240,573	3.5	62,938	26.2
- Other community value-added services	687,049	4.9	435,213	63.3	542,539	3.0	320,105	59.0	542,856	2.3	438,384	80.8	96,444	2.0	70,695	73.3	116,829	1.7	90,868	77.8
Subtotal/Overall	8,828,469	63.4	1,419,417	16.1	10,623,121	58.5	13,161,025	55.5	2,084,498	15.8	2,786,495	58.7	3,910,887	57.1	515,952	13.2				
Commercial and urban space integrated services																				
- Property and facility management services	2,568,773	18.4	399,343	15.5	4,023,316	22.2	574,767	14.3	5,288,069	22.4	725,527	13.7	1,020,400	21.5	114,495	11.2	1,651,946	24.1	175,721	10.6
- Value-added services for developers	1,693,247	12.2	476,288	28.1	2,363,247	13.0	529,742	22.4	3,065,277	12.9	597,792	19.5	558,744	11.8	85,560	15.3	663,737	9.7	109,340	16.5
- Urban space integrated services	30,577	0.2	2,808	9.2	102,026	0.6	14,280	14.0	339,782	1.4	59,196	17.4	43,938	0.9	13,592	30.9	122,160	1.8	25,202	20.6
Subtotal/Overall	4,292,597	30.8	878,439	20.5	6,488,589	35.8	1,118,789	17.2	8,693,128	36.7	1,382,515	15.9	1,623,082	34.2	213,647	13.2	2,437,843	35.6	310,263	12.7
AIoT and BPaas solution services																				
- AIoT solutions	692,573	5.0	185,024	26.7	782,783	4.3	217,904	27.8	1,216,352	5.1	300,718	24.7	258,018	5.4	52,932	20.5	311,476	4.6	87,331	28.0
- BPaas solutions	113,650	0.8	(14,486)	(12.7)	250,971	1.4	36,529	14.6	634,034	2.7	252,281	39.8	79,960	1.7	31,980	40.0	187,316	2.7	77,323	41.3
Subtotal/Overall	806,223	5.8	170,538	21.2	1,033,754	5.7	254,433	24.6	1,850,386	7.8	552,999	29.9	337,978	7.1	84,912	25.1	498,792	7.3	164,654	33.0
Total/Overall	13,927,289	100.0	2,468,394	17.7	18,145,464	100.0	3,364,730	18.5	23,704,539	100.0	4,020,012	17.0	4,747,555	100.0	699,155	14.7	6,847,522	100.0	990,869	14.5

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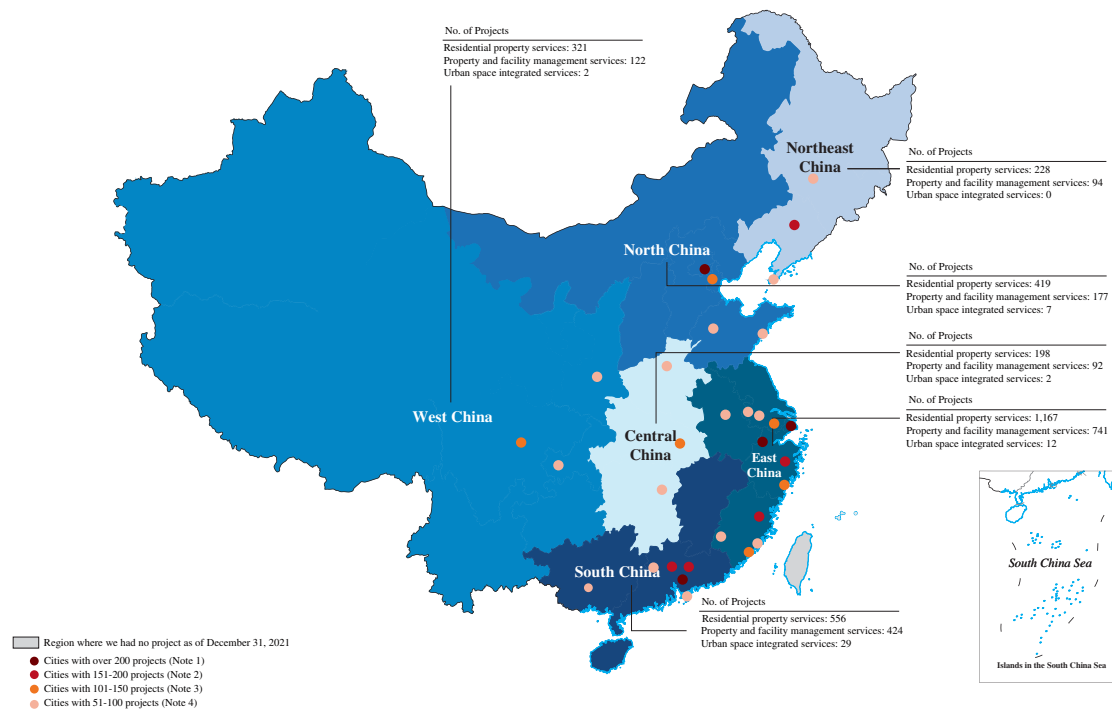
The following table sets forth a breakdown of our total revenue by business segment and type of ultimate paying customer during the Track Record Period, both in absolute amount and as a percentage of total revenue during the years indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Community space living consumption services										
– China Vanke Group and its joint ventures or associates	315,528	2.3	426,007	2.3	507,615	2.1	67,706	1.4	119,264	1.7
– Independent Third Parties	8,512,941	61.1	10,197,114	56.2	12,653,410	53.4	2,718,789	57.3	3,791,623	55.4
Subtotal	8,828,469	63.4	10,623,121	58.5	13,161,025	55.5	2,786,495	58.7	3,910,887	57.1
Commercial and urban space integrated services										
– China Vanke Group and its joint ventures or associates	1,327,838	9.5	2,266,598	12.5	2,913,647	12.3	537,612	11.3	651,868	9.5
– Independent Third Parties	2,964,759	21.3	4,221,991	23.3	5,779,481	24.4	1,085,470	22.9	1,785,975	26.1
Subtotal	4,292,597	30.8	6,488,589	35.8	8,693,128	36.7	1,623,082	34.2	2,437,843	35.6
AIoT and BPaaS solution services										
– China Vanke Group and its joint ventures or associates	500,738	3.6	679,394	3.7	1,133,942	4.8	227,342	4.8	270,772	4.0
– Independent Third Parties	305,485	2.2	354,360	2.0	716,444	3.0	110,636	2.3	228,020	3.3
Subtotal	806,223	5.8	1,033,754	5.7	1,850,386	7.8	337,978	7.1	498,792	7.3
Total	13,927,289	100.0	18,145,464	100.0	23,704,539	100.0	4,747,555	100.0	6,847,522	100.0

DENSITY-FOCUSED STRATEGY AT A GLANCE

Our growth model is underpinned by a strategic focus on increasing the spatial density and diversity of services in high-tier cities with strong economic fundamentals. The scale and brand recognition we have established in these strategically important cities over years give us the ability to command a higher premium in property service fees and accelerate our revenue growth.

The following map illustrates the geographic presence of our residential property services projects, property and facility management projects and urban space integrated services projects as of March 31, 2022:



Notes:

- (1) Cities with over 200 projects include Beijing, Shanghai, Shenzhen and Hangzhou.
- (2) Cities with 151 to 200 projects include Guangzhou, Ningbo, Fuzhou, Dongguan and Shenyang.
- (3) Cities with 101 to 150 projects include Suzhou, Chengdu, Wuhan, Tianjin, Wenzhou and Xiamen.
- (4) Cities with 51 to 100 projects include Hong Kong, Chongqing, Nanjing, Qingdao, Wuxi, Changsha, Zhengzhou, Foshan, Jinan, Hefei, Dalian, Quanzhou, Xi'an, Changchun, Nanning and Longyan.

KEY OPERATING AND FINANCIAL MATRIX OF OUR PRINCIPAL BUSINESSES

Residential Property Services

The table below sets forth a breakdown of key operating information of our residential property services under our community space living consumption services segment during the Track Record Period and as of the dates indicated by type of property developer.

	As off for the year ended December 31,						As off for the three months ended March 31,										
	2019			2020			2021			2022							
	No. of properties contracted GFA under management	No. of properties under management	Average monthly saturated income per sq.m.	No. of properties contracted GFA under management	No. of properties under management	Average monthly saturated income per sq.m.	No. of properties contracted GFA under management	No. of properties under management	Average monthly saturated income per sq.m.	No. of properties contracted GFA under management	No. of properties under management	Average monthly saturated income per sq.m.					
China Vanke Group and its joint ventures or associates	1,192	249,339	878	3.18	361,269	1,356	1,031	283,135	1,607	326,681	1,218	3.31	425,287	1,632	329,773	1,232	3.31
Independent Third Parties	1,157	181,774	886	2.88	285,291	1,371	1,023	214,384	2,278	333,745	1,605	2.95	469,497	2,324	340,401	1,657	2.96
Total/Overall	2,349	431,113	1,764	3.06	646,560	2,727	2,054	497,519	3,885	660,426	2,823	3.13	894,784	3,956	670,174	2,889	3.14
	Sq.m. in thousands	Sq.m. in thousands	RMB	Sq.m. in thousands	Sq.m. in thousands	RMB	Sq.m. in thousands	Sq.m. in thousands	Sq.m. in thousands	Sq.m. in thousands	RMB	Sq.m. in thousands	Sq.m. in thousands	Sq.m. in thousands	Sq.m. in thousands	RMB	Sq.m. in thousands

Note:

- (1) Our transactions with China Vanke Group and its joint ventures or associates are on arms' length basis and on normal commercial terms in the ordinary and usual course of the Company's business.

Our average monthly saturated income per sq.m. of residential properties under management increased from RMB3.06 in 2019 to RMB3.08 in 2020, and increased from RMB3.08 in 2020 to RMB3.13 in 2021, and further increased to RMB3.14 in the three months ended March 31, 2022, primarily because (i) we continued to secure new service mandates, for which we charge higher property service fees than the average service fees of existing residential properties under our management; and (ii) we successfully adjusted upward our service fees for certain residential properties we managed for years, reflecting property owners' recognition of our service quality. During the Track Record Period, average monthly saturated income per sq.m. of residential properties developed by China Vanke Group and its joint ventures or associated companies and managed by us (the “**Related Residential Projects**”) was RMB3.18, RMB3.20, RMB3.31 and RMB3.31, respectively, while average monthly saturated income per sq.m. of residential properties developed by Independent Third Parties and managed by us (the “**Independent Third Party Residential Projects**”) was RMB2.88, RMB2.92, RMB2.95 and RMB2.96, respectively. Our average monthly saturated income per sq.m. of Related Residential Projects was consistently higher than that of Independent Third Party Residential Projects during the Track Record Period, primarily because (i) Related Residential Projects are primarily mid- to high-end residential properties with relatively higher fee rates given the high-quality project development and strong brand premium of China Vanke Group; (ii) China Vanke Group shares similar customer-centric philosophy with us and their customers are generally more willing to agree on a higher service fee that the delivery of quality property services would require; and (iii) the newly engaged Related Residential Projects during the Track Record Period are primarily new residential properties in higher-tier cities and generally charge higher fee rates.

The table below sets forth a breakdown of key financial information of our residential property services under our community space living consumption services segment during the Track Record Period by type of property developer.

	For the year ended December 31,						For the three months ended March 31,												
	2019		2020		2021		2021		2022		2022								
	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin							
RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%								
China Vanke Group and its joint ventures or associates	4,820,127	66.5	663,255	13.8	5,887,146	64.5	1,095,999	18.6	6,932,047	61.0	1,079,584	15.6	1,978,590	55.7	299,957	15.2			
Independent Third Parties	2,431,252	33.5	26,894	1.1	3,242,996	35.5	273,837	8.4	4,430,583	39.0	185,794	4.2	893,519	36.1	14,765	1.7	1,574,895	44.3	
Total/Overall	7,251,379	100.0	690,149	9.5	9,130,142	100.0	1,369,836	15.0	11,362,630	100.0	1,265,378	11.1	2,473,474	100.0	276,361	11.2	3,553,485	100.0	362,146

Note:

(1) Our transactions with China Vanke Group and its joint ventures or associates are on arms' length basis and on normal commercial terms in the ordinary and usual course of the Company's business.

Our gross profit margin of residential property services increased from 9.5% in 2019 to 15.0% in 2020, primarily due to (i) the fact that we were entitled to certain social security relief aimed at mitigating the impact of COVID-19 in 2020; and (ii) the economies of scale we achieved as a result of our business expansion. Our gross profit margin of residential property services decreased from 15.0% in 2020 to 11.1% in 2021, primarily because certain social security relief aimed at mitigating the impact of COVID-19 was no longer enjoyed by us in 2021. Our gross profit margin of residential property services decreased from 11.2% for the three months ended March 31, 2021, to 10.2% for the same period of 2022, which was primarily due to amortization of intangible assets resulted from our historical acquisitions. In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, gross profit margin of Related Residential Properties was 13.8%, 18.6%, 15.6%, 16.6%, and 15.2%, respectively, while gross profit margin of Independent Third Party Residential Projects was 1.1%, 8.4%, 4.2%, 1.7%, and 3.9%, respectively. Our gross profit margin of Related Residential Projects was consistently higher than that of Independent Third Party Residential Projects during the Track Record Period, primarily because (i) Related Residential Projects are primarily mid- to high-end residential properties with relatively higher fee rates given the high-quality project development and strong brand premium of China Vanke Group and generally require less maintenance; (ii) the occurrence of initial and one-off costs at the early stage of our management of certain Independent Third Party Residential Projects with respect to, among others, service team set-up and purchase and installment of hardware and software products, primarily because such projects usually require revamps to meet our service standards, which is critical for customer satisfaction; and (iii) our recognition of amortization of intangible assets for Independent Third Party Residential Projects we secured through acquisitions through which we expanded our spatial density and diversity in line with our business development strategy.

Property and Facility Management Services

The table below sets forth a breakdown of key operating information of our property and facility management services under our commercial and urban space integrated services segment during the Track Record Period and as of the dates indicated by type of property developer.

	As of/for the year ended December 31,						As of/for the three months ended March 31,							
	2019			2020			2021			2022				
	No. of projects contracted to management	Average monthly saturated income per sq.m. ⁽¹⁾	Sq.m. in thousands	No. of projects contracted to management	Average monthly saturated income per sq.m. ⁽¹⁾	Sq.m. in thousands	No. of projects under management	No. of projects contracted to management	Average monthly saturated income per sq.m. ⁽¹⁾	Sq.m. in thousands	No. of projects under management	No. of projects contracted to management	Average monthly saturated income per sq.m. ⁽¹⁾	Sq.m. in thousands
China Vanke Group and its joint ventures or associates	178	5.49	11,257	154	5.64	14,693	197	20,966	266	19,100	249	21,625	19,515	257
Independent Third Parties	503	4.58	36,994	469	5.06	64,648	782	115,153	1,398	105,455	1,316	125,550	116,087	1,393
Total/Overall	681	4.89	48,251	623	5.22	79,341	979	136,119	1,664	124,555	1,565	147,175	135,602	1,650
		RMB	thousands		RMB	thousands		RMB	thousands		RMB	thousands		RMB

Notes:

- (1) Applicable to property and facility management service projects adopting Unit Price Model only. See “Business – Commercial and Urban Space Integrated Services – Property and Facility Management Services – Revenue Model – Pricing Policy.”
- (2) Our transactions with China Vanke Group and its joint ventures or associates are on arms’ length basis and on normal commercial terms in the ordinary and usual course of the Company’s business.

Our average monthly saturated income per sq.m. of property and facility management service projects adopting Unit Price Model increased from RMB4.89 in 2019 to RMB5.22 in 2020, and increased from RMB5.22 in 2020 to RMB5.70 in 2021, and further increased to RMB5.84 in the three months ended March 31, 2022, primarily because (i) we continued to secure new property and facility management service mandates for high-quality commercial properties with a focus on core areas in first-tier, new first-tier and second-tier cities, where average property service fees are higher; and (ii) we successfully adjusted upward our service fees for certain property and facility management service projects as we renewed our mandates, reflecting customers' recognition of our service quality. During the Track Record Period, average monthly saturated income per sq.m. of our property and facility management service projects developed by China Vanke Group and its joint ventures or associated companies (the “**Related PFM Projects**”) which adopted Unit Price Model was RMB5.49, RMB5.64, RMB6.30 and RMB6.64, respectively, while average monthly saturated income per sq.m. of our property and facility management service projects developed by either (i) Independent Third Parties; or (ii) China Vanke Group and its joint ventures or associated companies but subsequently en bloc sold to Independent Third Parties (the “**Independent Third Party PFM Projects**”), which adopted Unit Price Model was RMB4.58, RMB5.06, RMB5.48 and RMB5.59, respectively. Our average monthly saturated income per sq.m. of Related PFM Projects was consistently higher than that of Independent Third Party PFM Projects during the Track Record Period, primarily because (i) a large number of our Related PFM Projects had multiple ownership structures and/or multiple tenants. The owners or tenants for such properties are normally small- to medium-sized enterprises. In such projects, if the multiple owners or tenants would like to negotiate a lower fee rate with us, they usually need to reach an agreement internally, which is practically burdensome given it may require various communications and administrative work among themselves, which in return put us in a relatively more favorable position when negotiating fee terms; and (ii) as part of the execution strategy for expanding our portfolio under management and diversifying our customer base, we have also opted to provide relatively more competitive pricing for obtaining certain Independent Third Party PFM Projects.

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The table below sets forth a breakdown of key financial information of property and facility management services under our commercial and urban space integrated services segment during the Track Record Period by type of property developer.

	For the year ended December 31,						For the three months ended March 31,					
	2019		2020		2021		2021		2022		2022	
	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin
RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	
China Vanke Group and its joint ventures or associates	439,237	17.1	621,097	15.4	890,843	16.8	189,234	18.5	276,362	16.7	45,755	16.6
Independent Third Parties	2,129,536	82.9	3,402,219	84.6	4,397,226	83.2	831,166	81.5	1,375,584	83.3	129,966	9.4
Total/Overall	2,568,773	100.0	4,023,316	100.0	5,288,069	100.0	1,020,400	100.0	1,651,946	100.0	175,721	10.6

Note:

(1) Our transactions with China Vanke Group and its joint ventures or associates are on arms' length basis and on normal commercial terms in the ordinary and usual course of the Company's business.

Our gross profit margin of property and facility management services decreased from 15.5% in 2019 to 14.3% in 2020, primarily due to the expansion of our project portfolio to include a higher portion of service mandates with industry-leading corporate clients, which typically contained fee terms less favorable to the service provider given the strong bargaining power of such corporate clients. Our gross profit margin of property and facility management services decreased from 14.3% in 2020 to 13.7% in 2021, primarily because certain social security relief aimed at mitigating the impact of COVID-19 was no longer enjoyed by us in 2021. Our gross profit margin of property and facility management services slightly decreased from 11.2% for the three months ended March 31, 2021, to 10.6% for the same period of 2022, which was primarily due to amortization of intangible assets resulted from our historical acquisitions. In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, gross profit margin of Related PFM Properties was 21.3%, 22.1%, 20.4% and 16.6%, respectively, while gross profit margin of Independent Third Party PFM Projects was 14.4%, 12.9%, 12.4% and 9.4%, respectively. Our gross profit margin of Related PFM Projects was consistently higher than that of Independent Third Party PFM Projects during the Track Record Period, primarily because (i) a large number of Related PFM Projects had multiple ownership structures and/or multiple tenants, for which we generally charge a higher fee rate. The owners or tenants for such properties are normally small- to medium-sized enterprises. In such projects, if the multiple owners or tenants would like to negotiate a lower fee rate with us, they usually need to reach an agreement internally, which is practically burdensome given it may require various communications and administrative work among themselves, which in return put us in a relatively more favorable position when negotiating fee terms; (ii) as part of the execution strategy for expanding our portfolio under management and diversifying our customer base, we have also opted to provide relatively more competitive pricing for obtaining certain Independent Third Party PFM Projects; and (iii) our recognition of amortization of intangible assets for Independent Third Party Residential Projects we secured through acquisitions.

BUSINESS

AIoT and BPaaS Solution Services

AIoT Solution Services

Major customers of our AIoT solution services include property developers, property managers and government and corporate clients. The table below sets forth a breakdown of revenue from AIoT solutions and the number of new projects by type of ultimate paying customers during the Track Record Period.

	Year ended December 31,						Three months ended March 31,			
	2019		2020		2021		2021		2022	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
China Vanke Group and its joint ventures or associated companies . . .	497,328	71.8	544,739	69.6	834,904	68.6	183,148	71.0	194,795	62.5
Independent Third Parties	195,245	28.2	238,044	30.4	381,448	31.4	74,870	29.0	116,681	37.5
Total	692,573	100.0	782,783	100.0	1,216,352	100.0	258,018	100.0	311,476	100.0

The table below sets forth certain operating information of our AIoT solution services during the Track Record Period.

	Year ended December 31,			Three months ended March 31,
	2019	2020	2021	2022
Number of projects under performance	1,088	1,440	1,686	559
Number of new projects	634	735	801	197
Average revenue per project (RMB'000) ⁽¹⁾	637	544	721	557
Number of paying customers	718	894	1,030	415
Average revenue per customer (RMB'000) ⁽²⁾	965	876	1,181	751

Notes:

- (1) Average revenue per project is calculated as the revenue of the Group for the financial year or period derived from our AIoT solution services divided by the total number of contracts under performance for the same year or period.
- (2) Average revenue per customer is calculated as the revenue of the Group for the financial year or period derived from our AIoT solution services divided by the total number of paying customers for the same year or period.

BUSINESS

BPaaS Solution Services

The table below sets forth certain operating information of our remote enterprise operation services during the Track Record Period.

	Year ended December 31,			Three months ended March 31,
	2019	2020	2021	2022
Number of contracts performed.	55	97	197	318
Average revenue per contract (RMB'000) ⁽¹⁾	1,060	1,963	2,358	433
Number of paying customers	9	23	89	155
Number of repeat customers	N/A	9	23	89
Average revenue per customer (RMB'000) ⁽²⁾	6,461	8,114	5,204	888

Notes:

- (1) Average revenue per contract is calculated as the revenue of the Group for the financial year or period derived from our remote enterprise operation services divided by the total number of contracts performed for the same year or period.
- (2) Average revenue per customer is calculated as the revenue of the Group for the financial year or period derived from our remote enterprise operation services divided by the total number of paying customers for the same year and period.

We provide remote space operation services, such as intelligent urban space workflow management services and operation data analysis services to companies which engage in urban space integrated services. We generally charge our clients a digitalized operation service fee amounting to around 2% of their revenue each year and share their profits or losses based on our equity interests herein.

BUSINESS

COMMUNITY SPACE LIVING CONSUMPTION SERVICES

Overview

Under our community space living consumption services segment, we offer residential property services, home-related asset services and other community value-added services. During the Track Record Period, we achieved rapid revenue growth in our community space living consumption services segment. The following table sets forth a breakdown of our revenue from community space living consumption services by type of services for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Residential property services	7,251,379	82.1	9,130,142	85.9	11,362,630	86.3	2,473,474	88.8	3,553,485	90.9
Home-related asset services										
– Home sale and rental brokerage services	566,675	6.4	632,266	6.0	818,729	6.2	159,435	5.6	184,806	4.7
– Home redecoration and furnishing services	323,366	3.7	318,174	3.0	436,810	3.3	57,142	2.1	55,767	1.4
Subtotal	890,041	10.1	950,440	9.0	1,255,539	9.5	216,577	7.7	240,573	6.1
Other community value-added services										
– Carpark space sales assistance services	419,303	4.8	360,017	3.4	338,411	2.6	58,133	2.1	56,276	1.4
– Others ⁽¹⁾	267,746	3.0	182,522	1.7	204,445	1.6	38,311	1.4	60,553	1.6
Subtotal	687,049	7.8	542,539	5.1	542,856	4.2	96,444	3.5	116,829	3.0
Total	8,828,469	100.0	10,623,121	100.0	13,161,025	100.0	2,786,495	100.0	3,910,887	100.0

Note:

- (1) Others primarily include common area operation services, electromechanical device maintenance services and community catering services.

BUSINESS

As we continue to expand our project portfolio, our density-focused strategy, which focuses on increasing and connecting managed properties and facilities in high-tier cities (including first-tier cities and Hong Kong, new first-tier cities, and second-tier cities) to enable efficient services provision and to achieve synergistic operations, has derived measurable outcomes. In 2019, 2020 and 2021, our revenue from community space living consumption services provided in first-tier cities and Hong Kong, new first-tier cities and second-tier cities was RMB8,350.8 million, RMB10,004.5 million and RMB12,247.3 million, respectively, representing a CAGR of 21.1% from 2019 to 2021. Our revenue from community space living consumption services provided in first-tier cities and Hong Kong, new first-tier cities and second-tier cities increased by 36.9% from RMB2,609.6 million in the three months ended March 31, 2021 to RMB3,571.9 million in three months ended March 31, 2022. The following table sets forth a breakdown of our revenue from community space living consumption services by city tier for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
First-tier cities and										
Hong Kong	1,701,696	19.3	2,013,201	19.0	2,402,624	18.3	524,100	18.8	636,546	16.3
New first-tier cities	4,453,276	50.4	5,305,818	49.9	6,278,939	47.7	1,364,463	49.0	1,788,585	45.7
Second-tier cities	2,195,876	24.9	2,685,485	25.3	3,565,758	27.1	721,039	25.9	1,146,800	29.3
Others	477,621	5.4	618,617	5.8	913,704	6.9	176,893	6.3	338,956	8.7
Total	<u>8,828,469</u>	<u>100.0</u>	<u>10,623,121</u>	<u>100.0</u>	<u>13,161,025</u>	<u>100.0</u>	<u>2,786,495</u>	<u>100.0</u>	<u>3,910,887</u>	<u>100.0</u>

The following table sets forth a breakdown of our revenue from community space living consumption services by geographical region for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
East China	2,939,733	33.3	3,416,920	32.2	4,212,809	32.0	887,033	31.8	1,295,143	33.1
South China	1,777,116	20.1	2,192,003	20.6	2,778,522	21.1	596,826	21.4	781,328	20.0
North China	1,375,562	15.6	1,716,524	16.2	2,030,163	15.4	429,688	15.4	590,909	15.1
West China	947,846	10.7	1,127,360	10.6	1,501,085	11.4	291,841	10.5	499,775	12.8
Northeast China	957,926	10.9	1,213,944	11.4	1,455,060	11.1	334,386	12.0	399,169	10.2
Central China	830,286	9.4	956,370	9.0	1,183,386	9.0	246,721	8.9	344,563	8.8
Total	<u>8,828,469</u>	<u>100.0</u>	<u>10,623,121</u>	<u>100.0</u>	<u>13,161,025</u>	<u>100.0</u>	<u>2,786,495</u>	<u>100.0</u>	<u>3,910,887</u>	<u>100.0</u>

BUSINESS

Residential Property Services

Overview

In providing residential property services, *Vanke Service* has become a household name. During the Track Record Period, residential property services for properties developed by Independent Third Party property developers had become an increasingly important source of revenue. The following table sets forth a breakdown of our revenue from residential property services under the community space living consumption services by property developer type for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
China Vanke Group and its joint ventures or associated companies	4,820,127	66.5	5,887,146	64.5	6,932,047	61.0	1,579,955	63.9	1,978,590	55.7
Independent Third Parties	2,431,252	33.5	3,242,996	35.5	4,430,583	39.0	893,519	36.1	1,574,895	44.3
Total	7,251,379	100.0	9,130,142	100.0	11,362,630	100.0	2,473,474	100.0	3,553,485	100.0

The following table sets forth a breakdown of our total GFA under management with respect to our residential property services and the corresponding number of properties under management as of the dates indicated by property developer type.

	As of/for the year ended December 31,						As of/For the three months ended March 31,					
	2019		2020		2021		2022					
	GFA under management		GFA under management		GFA under management		GFA under management		GFA under management		Number of properties under management	
	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%		
China Vanke Group and its joint ventures or associated companies	249,339	57.8	878	283,135	56.9	1,031	326,681	49.5	1,218	329,773	49.2	1,232
Independent Third Party property developers	181,774	42.2	886	214,384	43.1	1,023	333,745	50.5	1,605	340,401	50.8	1,657
Total	431,113	100.0	1,764	497,519	100.0	2,054	660,426	100.0	2,823	670,174	100.0	2,889

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During the Track Record Period, revenue derived from residential properties developed by China Vanke Group and its joint ventures or associated companies accounted for 66.5%, 64.5%, 61.0% and 55.7% of our revenue from residential property services, while GFA under management of residential properties developed by China Vanke Group and its joint ventures or associated companies accounted for 57.8%, 56.9%, 49.5% and 49.2% of our GFA under management of residential property services, respectively. Despite the fact that residential properties developed by China Vanke Group and its joint ventures or associated companies represented a significant portion of our project portfolio of residential property services, we continued to grow our business with Independent Third Party property developers and have achieved measurable success in this regard. Revenue from residential properties developed by Independent Third Party property developers as a percentage of our revenue from residential property services increased from 33.5% in 2019 to 35.5% in 2020 to 39.0% in 2021, while GFA under management of residential properties developed Independent Third Party property developers as a percentage of our GFA under management of residential property services increased from 42.2% in 2019 to 43.1% in 2020 to 50.5% in 2021. Revenue from residential properties developed by Independent Third Party property developers as a percentage of our revenue from residential property services increased from 36.1% in the three months ended March 31, 2021 to 44.3% in the three months ended March 31, 2022. Our GFA under management of residential properties developed by Independent Third Party property developers as a percentage of our GFA under management of residential property services reached 50.8% in the three months ended March 31, 2022.

The following table sets forth a breakdown of the number of residential properties we managed and GFA under management, as well as the number of residential properties we were contracted to manage and the corresponding contracted GFA as of the dates indicated:

	As of December 31,			As of March 31,
	2019	2020	2021	2022
Number of properties under management	1,764	2,054	2,823	2,889
Number of properties we were contracted to manage	2,349	2,727	3,885	3,956
GFA under management (sq.m. in thousands)	431,113	497,519	660,426	670,174
Contracted GFA (sq.m. in thousands)	557,439	646,560	877,753	894,784

BUSINESS

As of March 31, 2022, we had expanded our geographic presence of our residential property services to over 120 cities across 30 provinces, municipalities and autonomous regions in China, with 2,889 residential properties and total GFA of 670.2 million sq.m. under management. At the core of our expansion initiatives is our focus on increasing the spatial density of services in strategically important cities. As of December 31, 2019, 2020, 2021 and March 31, 2022, GFA of our residential property services projects located in first-tier cities and Hong Kong, new first-tier cities and second-tier cities accounted for 92.7%, 92.1%, 89.0% and 89.0% of the total GFA under management of our residential property services. The following table sets forth a breakdown of the total GFA under management and number of projects with respect to our residential property service by city tier as of the dates indicated:

	As of December 31,									As of March 31,		
	2019			2020			2021			2022		
	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects
	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%		
First-tier cities and												
Hong Kong	65,363	15.2	332	72,752	14.6	361	87,420	13.2	440	90,543	13.5	457
New first-tier cities . . .	208,861	48.4	848	236,608	47.6	989	289,237	43.8	1,220	293,964	43.9	1,248
Second-tier cities	125,331	29.1	469	148,653	29.9	561	211,079	32.0	849	212,189	31.6	864
Others	31,558	7.3	115	39,506	7.9	143	72,690	11.0	314	73,478	11.0	320
Total	431,113	100.0	1,764	497,519	100.0	2,054	660,426	100.0	2,823	670,174	100.0	2,889

The following table sets forth a breakdown of the total GFA under management and number of projects with respect to our residential property services by geographical region as of the dates indicated:

	As of December 31,									As of March 31,		
	2019			2020			2021			2022		
	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects
	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%		
East China	140,925	32.7	670	159,548	32.1	770	228,006	34.5	1,133	232,082	34.6	1,167
South China	93,251	21.6	366	106,494	21.4	421	129,881	19.7	545	132,406	19.8	556
North China	58,496	13.6	272	68,863	13.8	313	92,335	14.0	412	93,564	14.0	419
West China	55,301	12.8	165	66,985	13.5	208	93,519	14.2	314	94,563	14.1	321
Northeast China	47,587	11.0	163	54,701	11.0	199	62,243	9.4	225	62,620	9.3	228
Central China	35,553	8.3	128	40,928	8.2	143	54,442	8.2	194	54,939	8.2	198
Total	431,113	100.0	1,764	497,519	100.0	2,054	660,426	100.0	2,823	670,174	100.0	2,889

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Expansion of Property Services Project Portfolio

We had been expanding our portfolio of residential properties under management during the Track Record Period primarily through obtaining new engagements from Independent Third Parties.

The table below sets forth the movements of our contracted GFA and GFA under management during the Track Record Period.

	As of December 31,						As of March 31,	
	2019		2020		2021		2022	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	(Sq.m. in thousands)							
As of the beginning of the year	456,020	348,972	557,439	431,113	646,560	497,519	877,753	660,426
New engagements ⁽¹⁾								
– China Vanke Group and its joint ventures or associated companies	45,031	30,425	39,599	33,796	56,540	43,546	7,478	3,092
– Independent Third Party	55,385	50,701	53,088	37,154	73,185	54,765	10,935	8,281
Subtotal	100,416	81,126	92,687	70,950	129,725	98,311	18,413	11,373
Acquisitions ⁽²⁾	4,626	4,343	2,531	1,436	109,054	72,182	357	114
Terminations ⁽³⁾	3,623	3,328	6,097	5,980	7,586	7,586	1,739	1,739
Total	557,439	431,113	646,560	497,519	877,753	660,426	894,784	670,174

Notes:

- (1) New engagements primarily includes (i) preliminary property service agreement entered into with property developers for new properties; and (ii) property service agreement for residential properties that replaced their former property service providers. The renewed agreements are not regarded as new engagements entered into during such year. For the avoidance of doubt, the newly engaged GFA under management includes the newly delivered GFA we were contracted to manage in prior years.
- (2) Acquisitions refer to new GFA we obtained through acquisitions of other property service providers.
- (3) We decided not to renew certain property service agreements due to their overall profitability and/or other commercial reasons.

During the Track Record Period, our tender success rate for residential properties developed by China Vanke Group and its joint ventures or associated companies was 100.0%, 100.0%, 100.0% and 100.0%, respectively, and our tender success rate for residential properties developed by Independent Third Party property developers was 51.6%, 53.9%, 56.4% and 53.1%, respectively.

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Customer Relationship Management

Pursuing excellent property services for more people is what we aspired to do at the outset, and what we have been doing for decades. Our ultimate goal is to spend money wisely for our customers, helping them achieve their asset preservation and capital appreciation objectives. In 2022, *Vanke Service* was listed as the top-rated property services brand according to a national property service customer survey conducted by Leju.com. Superior service experience we delivered was what we believe to be the key contributing factor of our consistently high collection rates during the Track Record Period. During the Track Record Period, our collection rate for property service fee with respect to residential properties was 94.4%, 93.7%, 94.7% and 94.7%, respectively.

The following table sets forth the collection rate for property service fee with respect to residential properties by property developer type for years or periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2019	2020	2021	2022
Collection rate				
– China Vanke Group and its joint ventures or associated companies	96.7%	96.5%	97.0%	97.0%
– Independent Third Parties	89.5%	88.8%	91.0%	91.8%

Scope of Services

Through effective subcontractor management practices, we primarily provide the following types of residential property services:

- *Cleaning services.* We provide general cleaning, garbage clearance and hygiene maintenance services to the affiliated carparks and common areas of the residential properties under our management, such as hallways, staircases, rooftops, and gardens, primarily through our subcontractors.
- *Security services.* Our security services primarily consist of preservation of general order, patrolling, video surveillance, carpark security, visitor management, fire safety management and emergency response. We provide security services through subcontractors and our own employees.
- *Gardening services.* We provide pest control, fertilizing, greening and pruning services to the common areas of the residential properties we manage, mostly through subcontractors.

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- *Repair and maintenance services.* The scope of our repair and maintenance services typically includes (i) common area equipment and facilities, such as elevators, air conditioning and lighting systems; (ii) fire and safety facilities; (iii) utility facilities, such as power supply and distribution, water supply and drainage systems; and (iv) security facilities, such as surveillance equipment and entrance gate control. We provide repair and maintenance services through subcontractors and our own employees.

In addition to the aforesaid basic residential property services, we were also one of the first property management companies in China which introduced the “coordinator service system” to personalize service experience, minimize response time, and enhance customer stickiness. Our service coordinators engage with property owners to provide personalized services addressing various needs in their daily life. They act as our first point of contact for property owners and play a critical role in maintaining our long-term relations with them. Typical responsibilities of our service coordinators include (i) handling daily enquiry; (ii) notifying property owners and residents about the latest service arrangements; (iii) organizing community-wide leisure activities; (iv) coordinating with multiple functions of the management office to improve service quality based on the feedback collected from property owners and residents; (v) collecting property service fee; and (vi) home decoration and move-in assistance.

Revenue Model and Pricing Policy

Service Fees Charged for Residential Property Services

During the Track Record Period, we charged service fees for residential property services either on a lump-sum basis or on a management remuneration basis. In 2019, 2020 and 2021, 94.9%, 95.7% and 96.4% of our revenue generated from residential property services was derived from service fees charged on a lump-sum basis, respectively, while the remaining 5.1%, 4.3% and 3.6% was derived from service fees charged on a management remuneration basis for those same years, respectively. In the three months ended March 31, 2021 and 2022, 96.7% and 97.5% of our revenue generated from residential property services was derived from services fees charged on a lump-sum basis, respectively, while the remaining 3.3% and 2.5% was derived from service fees charged on a management remuneration basis for the same period, respectively. During the Track Record Period, property service fees involving 81.8%, 83.0%, 86.6% and 87.0% of our total GFA under management with respect to residential properties were charged on a lump-sum basis, respectively, with the remaining 18.2%, 17.0%, 13.4% and 13.0% of our total GFA under management with respect to residential properties being charged on a management remuneration basis, respectively.

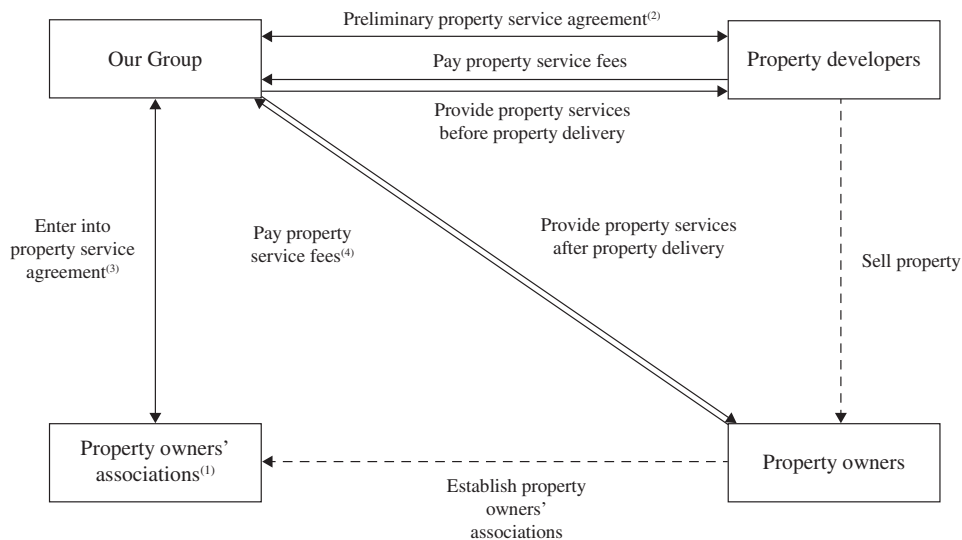
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The following table sets forth a breakdown of our total GFA under management with respect to residential properties as of the dates indicated and revenue generated from residential property services under community space living consumption services segment for years or periods indicated by revenue model:

	As of/for the year ended December 31,									As of/For the three months ended March 31,		
	2019			2020			2021			2022		
	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management
	RMB'000	%	Sq.m. in thousands	RMB'000	%	Sq.m. in thousands	RMB'000	%	Sq.m. in thousands	RMB'000	%	Sq.m. in thousands
Lump-sum basis	6,882,529	94.9	352,695	8,740,670	95.7	413,010	10,951,392	96.4	572,105	3,463,004	97.5	582,944
Management remuneration basis	368,850	5.1	78,418	389,472	4.3	84,509	411,238	3.6	88,321	90,481	2.5	87,230
Total	7,251,379	100.0	431,113	9,130,142	100.0	497,519	11,362,630	100.0	660,426	3,553,485	100.0	670,174

We pay close attention to the special needs of property developers, property owners and other customers and take into account a number of factors in determining whether to charge property service fees on a lump-sum basis or a management remuneration basis, including the types and stages of properties under management, local regulations and market conditions and the nature and requirements of individual properties on a case by case basis. We conduct assessments of our prospective customers by evaluating key factors such as the estimated costs of managing the property, historical property service fee rates, projected profitability, fee rates charged by competitors as well as whether property service fees of the property were previously charged on a lump-sum basis or a management remuneration basis.

The following diagram illustrates our relationships with various parties under our property service agreements.



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Notes:

- (1) A property owners' association is authorized under PRC laws to act on behalf of the property owners according to the voting results of the property owners' general meeting.
- (2) A preliminary property service agreement duly entered into between a property developer and us before the property is delivered to property owners is legally binding on all future property owners in accordance with the relevant PRC laws and regulations.
- (3) A property service agreement entered into between us and a property owners' association authorized by the property owners' general meeting is legally binding on all property owners in accordance with the relevant PRC laws and regulations.
- (4) Under lump-sum basis, all fees collected are recognized as revenue and expenses are borne by us. Under management remuneration basis, we recognize as revenue a pre-determined percentage or amount of property service fees, and the rest are used to pay for the expenses stipulated in the property service agreement.

Property service fees charged on a lump-sum basis

Under the lump-sum basis revenue model, we charge a pre-determined and all-inclusive fee for our residential property services, which we provide in accordance with the property service agreement we entered into. We are entitled to recognize the full amount of property service fees receivable from property developers, property owners and residents as revenue and bear the costs incurred in providing our residential property services.

Before negotiating and entering into a property service agreement, we seek to form, as precisely as possible, an estimate as to our cost of sales. Our cost of sales includes expenses associated with, among others, staff remuneration, subcontracting arrangement and utilities. As a result, the costs incurred in the provision of residential property services to a property in which service fees are charged on a lump-sum basis directly affect our profitability. In the event that our cost of sales is higher than the service fees we collect, we would not be able to request our customers to pay us the shortfall.

Property service fee charged on a management remuneration basis

During the Track Record Period, we derived revenue from certain residential property service agreements on a management remuneration basis. Revenue generated from residential property service agreements on a management remuneration basis represented 5.1%, 4.3%, 3.6% and 2.5% of our total revenue from residential property services, respectively. We recognize a predetermined management remuneration, generally representing 8% to 10% of the total property service fees paid by the customers, as revenue, while the remainder (“**Client Fund**”) serves as working capital to cover and settle the property services costs incurred, which, in accordance with the agreements, are borne by our customers. See “Risk Factors — Risks relating to Our Business and Industry — The payments we collected from properties managed on a management remuneration basis may not cover our costs.” Our role as a property manager is to help recruit, organize and coordinate various residential property services. When the ending balance after paying for all property service costs and expenses is positive, the balance is carried over to the next year. We do not have any claim to such balance besides our predetermined management remuneration.

Underperforming Residential Properties

Residential properties adopting the lump-sum basis revenue model

During the Track Record Period, we incurred loss with respect to certain residential properties under our management for which we charged on a lump-sum basis. The table below sets forth details of our loss-making residential properties adopting the lump-sum basis revenue model during the Track Record Period by type of property developer.

	For the year ended December 31,						For the three months ended March 31,						
	2019		2020		2021		2022		2021		2022		
	No. of loss-making properties terminated as of March 31, 2019	No. of loss-making properties retained as of March 31, 2019	No. of loss-making properties terminated as of March 31, 2020	No. of loss-making properties retained as of March 31, 2020	No. of loss-making properties terminated as of March 31, 2021	No. of loss-making properties retained as of March 31, 2021	No. of loss-making properties terminated as of March 31, 2022	No. of loss-making properties retained as of March 31, 2022	No. of loss-making properties terminated as of March 31, 2021	No. of loss-making properties retained as of March 31, 2021	No. of loss-making properties terminated as of March 31, 2022	No. of loss-making properties retained as of March 31, 2022	
	Revenue		Revenue		Revenue		Revenue		Revenue		Revenue		% of total revenue
	RMB'000		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000		% of total revenue
China Yanke Group and its joint ventures or associates	443,840	3.2	162	374,028	2.1	175	736,700	3.1	281	292,163	4.3	274	-
Independent Third Parties	714,231	5.1	29	713,192	3.9	303	1,292,812	5.5	595	499,234	7.3	599	-
Total	1,158,071	8.3	466	1,087,220	6.0	478	2,029,512	8.6	876	791,397	11.6	873	-

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With a proven track record of ramping up revenue and expanding margin profile at the project level, we rapidly expanded our portfolio of residential property service projects across geographies during the Track Record Period. It was inevitable that certain residential service projects with strategic value and growth potential incurred loss during the early years of our engagement. The losses were primarily due to (i) the occurrence of initial and one-off costs at the early stage of our management of such properties with respect to (a) service team set-up and staff deployment and (b) the purchase, installment or upgrade of hardware and software products, in order to enhance customer satisfaction; and (ii) the fact that in certain multi-phase projects, we incurred expenses at the preliminary stage to build up our service capability in preparation for later phases of projects that had not yet been delivered. In addition, there were also certain old residential properties where we usually seek to enhance service fees to keep up with the rising operating costs and maintain high service standards. We put a hold on this customary practice after the outbreaks of COVID-19, which we believe was the right thing to do as a customer-centric service provider, and as a responsible corporate citizen. During the Track Record Period, we incurred losses of RMB226.7 million, RMB198.0 million, RMB431.3 million and RMB205.3 million, respectively, from residential properties for which we charged on a lump-sum basis. The number of loss-making residential properties under our management increased from 466 as of December 31, 2019 to 478 as of December 31, 2020, to 876 as of December 31, 2021 and decreased to 873 as of March 31, 2022, primarily due to (i) the fact that we were only entitled to certain non-recurring social security contribution relief aimed at mitigating the impact of COVID-19 in 2020; (ii) a rapid expansion of the portfolio of our residential property service projects as part of our business growth; (iii) residential properties developed by Independent Third Parties usually require revamps to meet our service standards, which may cause losses in initial stages. In 2021, our acquisition of Bon Property and Yango Intelligent brought us a large number of residential properties that require such revamps; (iv) we usually seek to enhance our service fees for certain old residential properties, however, since 2020, we put a hold on this practice, due to the outbreaks of COVID-19; and (v) our investments in the development of our Onewo Towns, such as increasing and connecting managed properties and facilities to enable efficient services provision and to achieve synergistic operations. Such investments assist us to achieve enhanced operational efficiency, yet also negatively affected the profitability of such residential properties in the initial stage, but the Company believes that the Onewo Town strategy will have a long-lasting positive impact in terms of profit margins for such properties. Our total revenue generated from such loss-making residential properties accounted for 8.3%, 6.0%, 8.6% and 11.6%, respectively, of our total revenue during the Track Record Period. For more information, see “Risk Factors – Risks relating to Our Business and Industry – We may be subject to losses and our profit margins may decrease if we fail to control our costs in rendering our property services on a lump-sum basis, or increase our property service fee for the relevant services.” We remain cautiously optimistic about the prospect of enhancing the profitability of these loss-making projects, particularly given that the high initial costs we incurred were generally one-off in nature and the operating costs after the ramp-up period are expected to be significantly lower. Historically, we have turned around a significant number of loss-making residential properties. To further enhance the profitability of such loss-making residential properties, we intend to implement the following measures: (i) diversifying the offerings of our community value-added services to cultivate new revenue streams; (ii) reducing our reliance on manual labor by

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taking appropriate measures to optimize service processes and improve cost structures, such as introducing smart technologies to further digitalize residential communities we manage; and (iii) expediting the development of Onewo Towns, where we can enhance operational efficiency and save costs by sharing resources (including but not limited to smart devices, subcontractors and workforce) across multiple properties under management.

Residential properties adopting the management remuneration basis revenue model

During the Track Record Period, we had 119, 115, 175 and 202 residential property service projects client funds of which were insufficient to cover their respective costs incurred in the provision of residential property services. As of December 31, 2019, 2020, 2021 and March 31, 2022, the balance of shortfall for these properties amounted to RMB513.3 million, RMB504.3 million, RMB608.4 million and RMB606.6 million, respectively. Such shortfall mainly reflected the payment we made on behalf of our customers but yet to be reimbursed from them in certain residential properties under our management where we charged our service fees on a management remuneration basis. We incurred shortfall in these residential property service projects as we had not been able to adjust property service fee rates for old residential properties, which had been agreed upon many years ago. The balance of shortfall for our residential property service projects increased from RMB504.3 million as of December 31, 2020 to RMB608.4 million as of December 31, 2021, primarily due to the fact that we were only entitled to certain non-recurring social security contribution relief aimed at mitigating the impact of COVID-19 in 2020. The balance of shortfall for our residential property service projects decreased from RMB608.4 million as of December 31, 2021 to RMB606.6 million as of March 31, 2022. We have been improving profitability of these projects through various cost-saving measures and expanding our value-added services. From the accounting perspective, we recognize shortfall as other receivables. We cautiously assess the recoverability of the shortfall and make provision for impairment losses on a project-by-project basis, taking into consideration various factors, including but not limited to (i) credibility and payment record of our customers; and (ii) the profit or loss of the project for the year/period. During the Track Record Period, in connection with residential property service projects where we incurred shortfall, we made provision for impairment losses of RMB127.0 million, RMB56.2 million, RMB64.0 million and RMB39.6 million, respectively. Among the foregoing, 10.4%, 12.3% and 7.4% of the shortfall recorded as of December 31, 2019, 2020 and 2021 had been recovered as of December 31, 2020 and 2021 and May 31, 2022, respectively. We made reversal of impairment losses accordingly. In the event that the actual settlement of the shortfall is worse than our estimates, we may need to make additional provision for impairment losses. We may consider terminating or not renewing our service mandates for residential properties with poor recoverability of shortfall for an extended period of time.

Pricing Policy

We generally price our residential property services by taking into account factors such as the nature, positioning and geographic locations of the residential properties, local pricing regulations, management fees charged in nearby and comparable properties, budgeted expenses, target profit margins, property owner and resident profiles and the scope and expected standards of our services. During renewal negotiations for our property service agreements or otherwise as approved by a requisite number of property owners under the applicable PRC laws and regulations, we may propose to raise our property service fee rates.

The price administration and construction administration departments of the State Council are jointly responsible for supervision over and administration of fees charged for property management and related services, and we are also subject to regional guidance prices implemented by the local government authorities in the PRC. In December 2014, the NDRC issued the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (國家發展改革委關於放開部分服務價格意見的通知) (the “**Circular**”), which requires provincial-level price administration authorities to abolish all price control or guidance policies on non-government-subsidized housing properties, with certain exceptions. For more information, see “Regulatory Overview — PRC Laws and Regulations relating to Property Management Services.” According to Frost & Sullivan, our service fees charged for residential property services were generally in line with the relevant market trends with respect to property service fees charged by property management companies in the PRC during the Track Record Period. We expect that pricing controls on residential properties will relax as relevant local authorities pass regulations to implement the Circular. For more information, see “Risk Factors — Risks relating to Our Business and Industry — We are subject to the regulatory environment and measures affecting the PRC property service and real estate industries, including government guidance on property service fee levels.”

During the Track Record Period, our average monthly saturated income per sq.m. for residential properties under management was approximately RMB3.06, RMB3.08, RMB3.13 and RMB3.14, respectively.

Payment and Credit Terms

We may charge property service fees on a monthly, quarterly or yearly basis, depending on the terms of our property service agreements. We typically do not grant credit terms to customers for the property service fees we charge. Property owners or residents are generally required to make the payment on or before the date specified in the bills we issue to them. We send reminders and notifications to property owners whose property service fees are overdue through various channels, such as via WeChat or home visits by service coordinators. We may send a demand letter through our attorney if the overdue property service fees have not been paid after six months, and may file a lawsuit to claim the outstanding amounts if the property service fees have been overdue for 12 months. We charge utility fees from property owners in relation to water and electricity consumed in the common areas pursuant to the cost allocation mechanism provided in the property service agreements we entered into with them or local laws and regulations.

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We accept payments for property service fee by cash or through bank transfers or direct billing from customer's bank account, cheques, Alipay or WeChat Pay.

We are entitled to collect property service fees from property developers in respect of unsold but delivered property units in the residential communities developed by them. During the Track Record Period, the total amount of property service fees charged on these unsold property units amounted to RMB275.4 million, RMB320.1 million, RMB396.3 million and RMB65.2 million, respectively. During the Track Record Period, the collection rate for our residential property services was approximately 94.4%, 93.7%, 94.7% and 94.7%, respectively.

Our Residential Property Service Agreements

For the provision of our property service to residential properties, we generally enter into (i) preliminary property service agreements with property developers at the construction and pre-delivery stage of residential property development projects, which are legally binding on future residential property owners; or (ii) property service agreements with property owners' associations, which are authorized by the property owners' general meetings to act on behalf of property owners after the formation thereof.

Acquisition of Preliminary Property Service Agreements

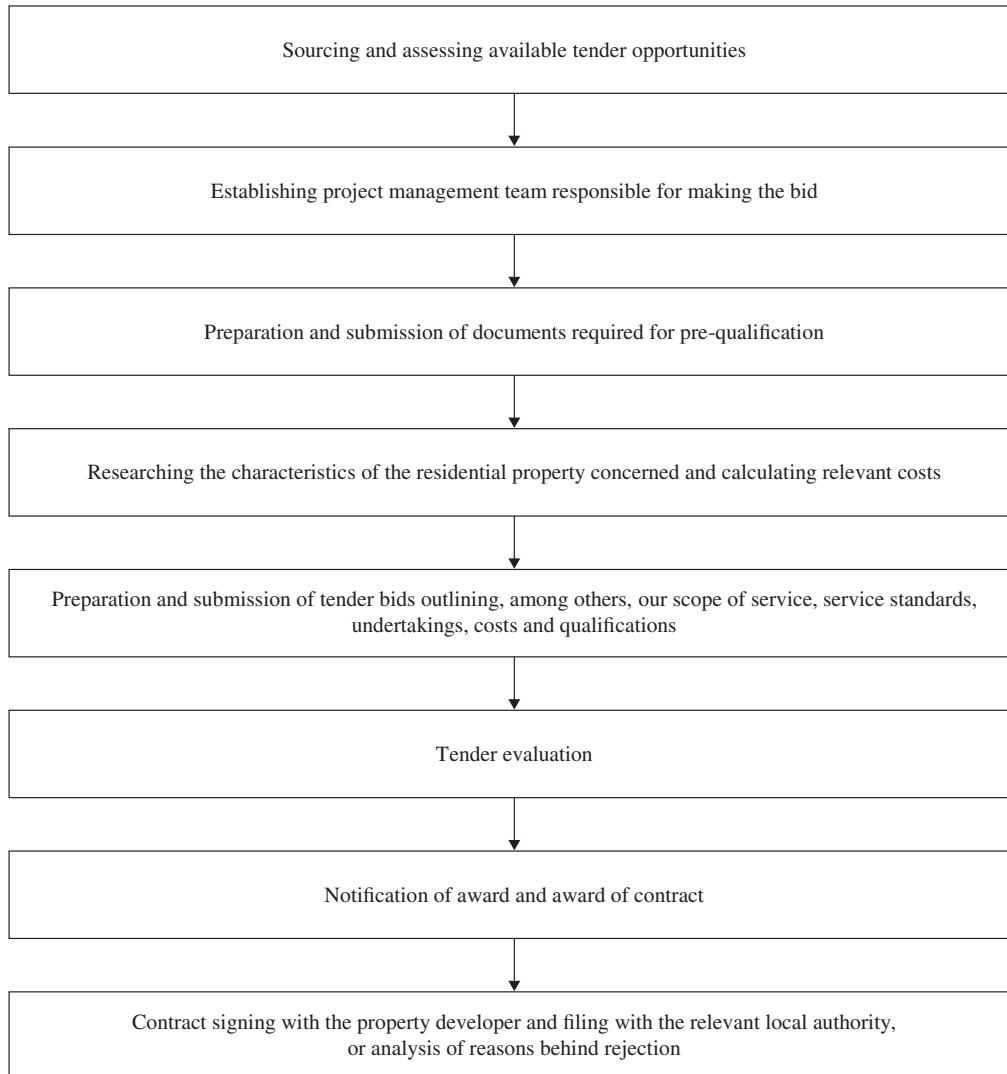
During the Track Record Period, we procured our preliminary property service agreements from property developers through tender and bidding procedures regulated by the applicable PRC laws. According to the Regulations on Property Management (《物業管理條例》) and the Interim Measures for Tender and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》), the property developer of residential properties and commercial properties in the same property management area shall engage qualified property management enterprises through tender and bidding process. If there are fewer than three bidders or for small-scale properties, the developer can select and hire qualified property management enterprises by directly entering into an agreement with the approval of the real estate administrative department of the district or county government of the place where the property is located. As advised by Frost & Sullivan, the property developers usually initiate tendering procedures to engage property management companies after they have obtained the land use rights of land parcels for the relevant residential property projects. Thus, we usually have the opportunities to submit tender bids after a property developer obtains the land use rights of a land parcel to develop properties, and in the event of successful bidding, the property developer normally contracts us before the commencement of pre-sales.

The following table sets forth a breakdown of key financial and operating information of our residential property services under our community space living consumption services segment during the Track Record Period and as of the dates indicated by stage:

	As of/for year ended December 31,						As of/for the three months ended March 31,												
	2019		2020		2021		2022		2022		2022								
	No. of properties under management	Sq.m. in thousands	No. of properties under management	Sq.m. in thousands	No. of properties under management	Sq.m. in thousands	No. of properties under management	Sq.m. in thousands	No. of properties under management	Sq.m. in thousands	No. of properties under management	Sq.m. in thousands							
Revenue		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000							
Contracted GFA		Sq.m. in thousands		Sq.m. in thousands		Sq.m. in thousands		Sq.m. in thousands		Sq.m. in thousands		Sq.m. in thousands							
No. of properties contracted to manage																			
At preliminary stage	1,248	330,838	1,819	455,172	6,793,935	1,469	384,940	2,112	527,237	8,579,013	2,073	518,271	3,128	732,325	2,749,172	2,113	523,996	3,178	745,706
At property owners' associations	516	100,275	530	102,267	2,336,207	585	112,580	615	119,323	2,783,617	750	142,155	757	145,428	804,313	776	146,178	778	149,078
Total	1,764	431,113	2,349	557,439	9,130,142	2,054	497,519	2,727	646,560	11,362,630	2,823	660,426	3,885	877,753	3,553,485	2,889	670,174	3,956	894,784

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Set forth below is a flow chart illustrating each stage of our typical tender process for obtaining preliminary property service contracts:



Upon engagement by the property developers, we as the property management company will generally need to register the preliminary property service agreements (together with the agreed upon property service fees) with the local PRC authorities. Under the PRC laws, although neither the property owners' associations nor property owners are parties to the preliminary property service agreements, it is a statutory requirement that any property sale and purchase agreements entered into between the property owners and the property developers shall incorporate the terms of the preliminary property service agreements, which are legally binding on the future residential property owners. Accordingly, it is a contractual obligation for residential property owners to pay property service fee directly to us.

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Key Terms of Preliminary Agreements with Property Developers

Our preliminary agreements with property developers generally include the following key terms:

- *Scope of services.* We provide standard residential property services, such as maintenance, cleaning, gardening and security of the public areas and facilities. In addition, we may provide extra paid services on the request of property owners, such as housekeeping and internal renovation.
- *Performance standards.* The expected performance standards of our residential property services as well as the requirement to conduct regular checks of the public areas and facilities are set forth in the contracts, including the expected frequency of patrolling, cleaning and inspecting fire extinguishing systems.
- *Property developer's obligations.* Amongst other things, before and during the delivery of the property, the property developer is mainly responsible for (i) carrying out checks on public areas and facilities and resolving problems discovered accordingly, (ii) providing us with space for the purpose of residential property services, (iii) providing us with the necessary documentations upon us undertaking the property, and (iv) cooperating and liaising with us in order for us to discharge our obligations.
- *Property service fees.* The agreed fees are set out in the contracts, which are usually charged on either a lump-sum basis or a management remuneration basis and payable monthly or yearly. The management fees of unsold and pre-delivery properties are usually payable by the property developer. Where the contract provides for carpark management services, the fees payable for such service will also be specified.

The aforesaid key terms apply to our residential property service agreements entered into with China Vanke Group and its joint ventures or associated companies and Independent Third Party property developers. As advised by Frost & Sullivan, such key terms are in line with industry norms.

- *Terms of service.* The agreements we enter into generally contain fixed terms and they terminate automatically upon the property owners' association entering into a new property service agreement with another property service provider on behalf of all property owners.
- *Dispute resolution.* Disputes concerning the performance of contractual obligations may be settled by negotiation, failing which the parties may resort to litigation.

BUSINESS

Key Terms of Agreements with Property Owners' Associations

Our agreements with property owners' associations generally include the following key terms:

- *Scope of services.* We provide standard residential property services, such as maintenance, gardening, cleaning and security of the public areas and facilities. We may provide extra paid services on the request of property owners, such as housekeeping and internal renovation.
- *Performance standards.* The expected performance standards of our residential property services as well as the requirement to conduct regular checks of the public areas and facilities are set forth in the contracts, including the expected frequency of cleaning, range of patrolling and management of fire extinguishing systems.
- *Property service fees.* The agreed fees are set out in the contracts. Property owners are usually required to pay management fees according to GFA of their properties, payable monthly or quarterly. The management fees of unsold and pre-delivery properties are usually payable by the property developer.
- *Rights and obligations of property owners' associations.* Amongst other things, a property owners' association is mainly responsible for (i) providing us with space for the purpose of residential property services, (ii) supervising us in the course of providing residential property services, (iii) managing and applying maintenance funds under the authorization of the property owners' general meeting, and (iv) ensuring that property owners pay management fee in time.
- *Terms of service.* We generally enter into service agreements with property owners' associations with a fixed term of three years. Some of our contracts provide that, upon the expiration of the existing contract, where no new contract has been entered into between the property owners' association and another property management company, the contract would be extended provided that we consent to the extension.
- *Dispute resolution.* Disputes are generally settled through arbitration or litigation.

BUSINESS

Retention, Expiration and Renewal of Property Service Agreements

The following table sets forth the retention rates and renewal rates of our residential property service agreements by property developer type for years or periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2019	2020	2021	2022
Retention rates				
– China Vanke Group and its joint ventures or associated companies	100.0%	100.0%	100.0%	100.0%
– Independent Third Parties	92.3%	93.4%	97.1%	99.6%
Overall	96.4%	96.8%	98.6%	99.8%
Renewal rates				
– China Vanke Group and its joint ventures or associated companies	100.0%	100.0%	100.0%	100.0%
– Independent Third Parties	93.7%	94.4%	98.2%	99.7%
Overall	96.8%	97.2%	99.0%	99.8%

During the Track Record Period, the retention rates of our residential property service agreements were 96.4%, 96.8%, 98.6% and 99.8%, respectively. For the purpose of optimizing resource allocation among the projects and to ensure the development and expansion of our Onewo Town, we voluntarily chose to terminate certain residential property service agreements with Independent Third Parties, during the Track Record Period.

The following table sets forth the expiration schedule of our residential property service agreements as of March 31, 2022.

	Contracted GFA		Number of agreements	
	(sq.m. in thousands)	%	%	%
Property service agreements without fixed term⁽¹⁾	577,703	64.6	2,627	62.2
– Agreements without fixed term	392,435	43.9	1,806	42.8
– Agreements expired but not renewed	185,268	20.7	821	19.4
Property service agreements expiring in				
– Year ending December 31, 2022	63,103	7.0	304	7.2
– Year ending December 31, 2023	71,843	8.0	395	9.3
– Years ending December 31, 2024 and beyond	182,135	20.4	898	21.3
Subtotal	317,081	35.4	1,597	37.8
Total	894,784	100.0	4,224	100.0

Note:

- (1) A property service agreement without fixed term primarily refers to (i) a preliminary property service agreement entered into with the property developer which does not have a fixed term and can be terminated when the property owners' association is formed and the property owners select the property service provider with a replacing property service agreement entered into by the property owners' association pursuant to the authorization of the property owners' general meeting; and (ii) a property service agreement which had expired but not been renewed yet as of March 31, 2022. With respect to the second scenario, as confirmed by our PRC Legal Advisor, so long as we continued to provide property services after contract expiration, an expired contract shall be classified as a de facto property service contract without a fixed term, which is enforceable under PRC law.

BUSINESS

Home-Related Asset Services

Helping property owners achieve their asset preservation and capital appreciation objectives is the purpose of our community space living consumption services. As an extension of our residential property services, we take one step closer to realizing such purpose by providing home-related asset services. Our home-related asset services primarily include (i) home sale and rental brokerage services; and (ii) home redecoration and furnishing services. The following table sets forth a breakdown of our revenue from home-related asset services under the community space living consumption services segment for years or periods indicated, both in absolute amount and as a percentage of our revenue from home-related asset services.

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Home sale and rental brokerage services	566,675	63.7	632,266	66.5	818,729	65.2	159,435	73.6	184,806	76.8
Home redecoration and furnishing services	323,366	36.3	318,174	33.5	436,810	34.8	57,142	26.4	55,767	23.2
Total	890,041	100.0	950,440	100.0	1,255,539	100.0	216,577	100.0	240,573	100.0

Home Sale and Rental Brokerage Services

We currently conduct our home sale and rental brokerage services using our *Pulin* brand. Brokerage services we offer include new home sales for property developers and existing home sale and rental brokerage for property owners. We distinguish our *Pulin* brand from other real estate brokers with our community-centric strategy. Our asset service coordinators have closer ties with and deeper understanding of the property owners in the residential properties we manage, where enormous demand for home sale and rental brokerage services arises. As of March 31, 2022, we had over 600 community-based physical storefronts in over 50 cities. As our scale grows and *Pulin* brand further penetrates the market, we may enjoy a network effect that allows us to efficiently match supply and demand and capture more business opportunities.

Our home sale and rental brokerage services for existing homes primarily include (i) advertising of property listings at the residential communities under our management, our physical storefronts as well as third-party online platforms; and (ii) housing information and transaction advisory services for property owners and buyers. For each successful existing home transaction, we charge a commission from property owners or buyers at a rate ranging from 1.5% to 1.8% of the property value. For rental brokerage services, we charge a commission from property owners or tenants at a rate ranging from 82.3% to 95.7% of the monthly rent. We also assist property developers in sourcing potential buyers for unsold new homes and charge a certain percentage (ranging from 1.1% to 3.0%) of sales proceeds from the property developers as commission. According to Frost & Sullivan, our commission fee rates are in line with the industry practice.

BUSINESS

Home Redecoration and Furnishing Services

In respect of our home redecoration and furnishing services, we provide (i) home redecoration and refurbishment services; and (ii) home furnishing and decoration services. We believe we are increasingly chosen by our clients to address their home redecoration and furnishing needs due to our deep understanding of the apartment layout of the residential properties we serve, as well as the strength and bonds of trust within our relationships with property owners.

Home Redecoration and Refurbishment Services

Home redecoration and refurbishment needs in the residential properties we manage continue to arise as they become older. Based on our knowledge of apartment layout and customer preferences, we have developed a variety of standardized and configurable redecoration and refurbishment solutions for bathrooms, kitchens, bedrooms or whole apartments, which allow us to promptly respond to each customer's individual demand. Leveraging the long-term trust we have gained from property owners, we generally incur lower customer acquisition costs and may therefore implement a more competitive pricing strategy. For whole-apartment solutions, we generally charge a commission from our customers at a rate ranging from RMB1,820 to RMB2,840 per sq.m. For standalone kitchen or bathroom solutions, we charge a commission at a rate ranging from RMB5,316 to RMB15,363 per sq.m. According to Frost & Sullivan, our commission fee rates are in line with the industry practice.

Home Furnishing and Decoration Services

We connect property owners and residents with reputable third-party home furnishing and decoration service providers. Customers may purchase standard or customized furniture products and enjoy hassle-free installation and after-sale services from these third-party service providers. Other options include combinations of recommended furniture products selected by us to suit the needs of apartments of various sizes and layouts. In addition, third-party home furnishing and decoration service providers we collaborate with may separately engage us to provide customer analytics and promotion services to enhance marketing efficiency. We generate revenue from the commission we charge from third-party service providers for each of their successful transactions with our customers, representing a pre-negotiated percentage ranging from 6% to 12% of the consideration of products or services they offer. According to Frost & Sullivan, our commission fee rate is in line with the industry practice.

Other Community Value-Added Services

Our other community value-added services primarily include carpark space sales assistance services.

Carpark Space Sales Assistance Services

In respect of carpark space sales assistance services, we act as a sales agent of the property developers, assisting them in the sale of the unsold carpark spaces. The price at which we sell a carpark space to a buyer (the "**Selling Price**") shall not be lower than the minimum price predetermined by the property developer and us (the "**Predetermined Minimum Price**"), and we charge the difference between the Selling Price and the Predetermined Minimum Price as our commission.

BUSINESS

COMMERCIAL AND URBAN SPACE INTEGRATED SERVICES

Overview

The pursuit of efficiency by corporate, institutional and government clients has accelerated trends of operations outsourcing that are shaping the future of workplace, and more broadly, the future of cities, according to Frost & Sullivan. Inspired by the growth path of global industry leaders, we have been strategically expanding beyond the boundaries of our business to serve corporate, institutional and government customers. To that end, we completed the business combination of the Greater China property and facility management services with Cushman & Wakefield and further expanded our service reach into urban spaces. With the strength of our premium brand, relentless focus on service quality and industry-leading technological capability, we are now able to deliver a wide spectrum of outsourcing management solutions that create value for owners, occupiers and users of commercial and urban spaces. Our commercial and urban space integrated services primarily comprise (i) property and facility management services; (ii) value-added services for developers; and (iii) urban space integrated services.

We achieved rapid revenue growth in our commercial and urban space integrated services segment during the Track Record Period. The following table sets forth a breakdown of our revenue from commercial and urban space integrated services by type of services for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Property and facility management services	2,568,773	59.8	4,023,316	62.0	5,288,069	60.8	1,020,400	62.9	1,651,946	67.8
Value-added services for developers										
– Sales center and model room management services	1,265,042	29.5	1,430,463	22.0	1,812,306	20.8	364,103	22.4	398,176	16.3
– Pre-delivery support services	391,345	9.1	533,380	8.2	682,988	7.9	89,703	5.5	119,062	4.9
– Building maintenance services	36,860	0.9	399,404	6.2	569,983	6.6	104,938	6.5	146,499	6.0
Subtotal	1,693,247	39.5	2,363,247	36.4	3,065,277	35.3	558,744	34.4	663,737	27.2
Urban space integrated services	30,577	0.7	102,026	1.6	339,782	3.9	43,938	2.7	122,160	5.0
Total	4,292,597	100.0	6,488,589	100.0	8,693,128	100.0	1,623,082	100.0	2,437,843	100.0

BUSINESS

Spatial density in high-tier cities remains our strategic priority when it comes to commercial and urban space integrated services. In 2019, 2020 and 2021, our revenue from commercial and urban space integrated services provided in first-tier cities and Hong Kong, new first-tier cities and second-tier cities was RMB4,090.3 million, RMB6,221.9 million and RMB8,296.6 million, respectively, representing a CAGR of 42.4% from 2019 to 2021. Our revenue from commercial and urban space integrated services provided in first-tier cities and Hong Kong, new first-tier cities and second-tier cities increased by 44.6% from RMB1,574.3 million in the three months ended March 31, 2021 to RMB2,276.4 million in the three months ended March 31, 2022. The following table sets forth a breakdown of our revenue from commercial and urban space integrated services by city tier for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
First-tier cities and										
Hong Kong	1,280,658	29.8	2,127,910	32.8	2,878,833	33.1	564,882	34.8	824,222	33.8
New first-tier cities	1,811,616	42.2	2,700,350	41.6	3,590,022	41.3	698,326	43.0	927,109	38.0
Second-tier cities	998,032	23.3	1,393,685	21.5	1,827,707	21.0	311,115	19.2	525,060	21.6
Other	202,291	4.7	266,644	4.1	396,566	4.6	48,759	3.0	161,452	6.6
Total	4,292,597	100.0	6,488,589	100.0	8,693,128	100.0	1,623,082	100.0	2,437,843	100.0

The following table sets forth a breakdown of our revenue from commercial and urban space integrated services by geographical region for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
East China	1,460,579	34.0	2,062,978	31.8	2,596,693	29.9	446,942	27.5	817,068	33.5
South China	1,166,221	27.2	1,871,663	28.8	2,620,634	30.1	527,589	32.5	747,791	30.7
North China	800,656	18.6	1,248,025	19.2	1,466,527	16.9	317,972	19.6	383,430	15.7
West China	397,832	9.3	549,409	8.5	843,858	9.7	144,450	8.9	217,145	8.9
Northeast China	258,630	6.0	360,624	5.6	485,420	5.6	99,419	6.1	124,563	5.1
Central China	208,679	4.9	395,890	6.1	679,996	7.8	86,710	5.4	147,846	6.1
Total	4,292,597	100.0	6,488,589	100.0	8,693,128	100.0	1,623,082	100.0	2,437,843	100.0

Property and Facility Management Services

Overview

We offer comprehensive property and facility management services to ensure convenient, comfortable and efficient use of workplaces and properties, including (i) commercial property services which focus on the property management tasks of commercial premises; and (ii) integrated facility management services which focus on addressing the workplace needs arising from the non-core business processes of occupiers.

During the Track Record Period, we carried out our property and facility management services primarily using *Cushman & Wakefield Vanke Service*, a brand we launched in 2020 with Cushman & Wakefield, one of the “Big Five” Global Real Estate Firms. We believe our strategic partnership with Cushman & Wakefield enables us to effectively integrate our local insights and existing competitive edges in Greater China with the international perspectives, top talent and brand heritage of Cushman & Wakefield.

Furthermore, we pay close attention to the preferences of key clients, especially those with leading industry position, remarkable track record of business expansion and robust growth potential. These clients generally have specific enterprise-wide standards on working environment, facility utilization and business processes, and require property and facility manager to apply such standards across multiple properties and facilities distant to each other in a consistent and highly coordinated manner. We believe what sets *Cushman & Wakefield Vanke Service* apart from its competitors is our holistic understanding of the operating needs of each client and our ability to deliver quality and consistent property and facility management services in various geographical locations and settings.

We had established cooperation relationships with over 900 corporate and institutional clients as of December 31, 2021, including eight of the Top 10 Internet companies in China in terms of market capitalization and seven of the Top 10 financial services companies in China in terms of market capitalization as of December 31, 2021.

In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, revenue generated from property and facility management services amounted to RMB2,568.8 million, RMB4,023.3 million, RMB5,288.1 million, RMB1,020.4 million and RMB1,651.9 million, respectively, among which, RMB1,307.1 million, RMB2,215.9 million, RMB2,827.2 million, RMB558.1 million and RMB919.3 million, respectively, were generated from integrated facility management services.

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As of March 31, 2022, we offered property and facility management services across China and Hong Kong. The following table sets forth a breakdown of the number of our property and facility management projects and the GFA under management, as well as the number of our contracted property and facility management projects and the contracted GFA as of the dates indicated:

	As of December 31,			As of March 31,
	2019	2020	2021	2022
Number of projects under management	623	979	1,565	1,650
Number of projects contracted to manage	681	1,038	1,664	1,754
GFA under management ⁽¹⁾ (sq.m. in thousands)	48,251	79,341	124,555	135,602
Contracted GFA ⁽¹⁾ (sq.m. in thousands)	56,670	87,390	136,119	147,175

Note:

- (1) For certain property and facility management projects, our services agreements were silent as to the GFA of projects to be managed since clients and us did not particularly take into account GFA in determining our service fees. For the avoidance of doubt, GFA under management/Contracted GFA as of December 31, 2019, 2020, 2021 and March 31, 2022 excluded the GFA of such non-GFA-based projects.

Scope of Services

Through effective subcontractor management practices, we primarily provide the following types of property and facility management services:

- *Security services.* The security services that we provide primarily include exit and entry management, maintenance of order, patrolling, electronic access control, video surveillance, carpark security, visitor management and emergency response. We provide security services through our own employees and subcontractors.
- *Cleaning and greening services.* We provide general cleaning and sanitization, waste management, pest control, air quality control, indoor and outdoor greening services. We provide cleaning and greening services primarily through our subcontractors.
- *Facility operation and maintenance services.* We provide operation and maintenance services to a broad range of facilities, including (i) common area equipment and facilities, such as elevators and central ventilation and air conditioning systems and equipment; (ii) fire and safety facilities; (iii) utility facilities, such as power supply and distribution systems and equipment; (iv) security appliances and equipment, such as video surveillance system; (v) utility expense optimization services, such as preparing, monitoring and reviewing utility cost plans and settlement arrangements. While we provide facility operation and maintenance services primarily through our employees, we outsource certain specialized repair and maintenance work, such as those related to elevators, to subcontractors.

BUSINESS

- *Environment, health and safety management.* We are able to provide properties under our management with guidance based on our well-established environment, health and safety (“EHS”) management processes and practices, and integrate these advanced EHS standards into clients’ business operations, in an effort to continuously improve performance, control utility spend, reduce environmental impact and safeguard the wellbeing of the employees. We carry out EHS management work primarily through our own employees.
- *Integrated administrative support services.* In response to clients’ specific requirements and expectations, we offer (i) administrative support solutions across the entire life cycle of facilities, equipment, consumables and furniture in office space, from procurement, warehousing, dispatching, and book keeping, to disposal; (ii) various other administrative support services, such as staff attendance supervision and tracking, document services, training and post-training review, conference support, ordinary mailing and courier services, and other administrative support services. We carry out integrated administrative support services primarily through our own employees.
- *Event support services.* Based on the specific themes and hospitality standards of clients, we provide tailor-made event support services, including early planning, site decoration and management, event operation and logistics support, visitor reception, as well as follow-up review services. Our service scenarios include a vast range of corporate events, celebrations, VIP guest reception and internal trainings and meetings. We carry out event support services primarily through our own employees.
- *Concierge services.* Blending international quality control standards with local customer operation practices, we provide our corporate and institutional clients and their guests with quality concierge services, including reception desk services, conference support services, catering services, exhibition hall support services, sales center services, C-suite reception services and concierge training services.

We work with property owners and/or occupiers across industry sectors to understand their specific needs. In customizing the solution we offer to each client, we take into consideration the locations, facility layouts, budget requirements and other factors that impact service outcomes. In an effort to maximize operational efficiency at minimal costs, we offer technology-empowered workplace management solutions to identify and promptly address the operational priorities of our clients.

BUSINESS

We primarily rely on our in-house team to provide property and facility management services and only outsource certain labor-intensive or specialized maintenance works, such as security, cleaning and greening, to third-party subcontractors in certain projects. In determining our subcontracting arrangements, we take into account various factors, including staff planning, competitive landscape in local markets and availability of local resources. For details of our subcontracting arrangements, see “— Subcontracting.”

Case Studies of Our Solutions for Key Clients

We set forth below two case studies illustrating how our practical approaches address clients’ needs in a vast range of facility management settings.

A Leading Technology Conglomerate (“Client A”)

Client A has contracted us to provide property and facility management services in 20 properties of varying size and scale located in Shenzhen, Beijing, Guangzhou, Xiong’an and Xi’an. As of March 31, 2022, the Client A portfolio we were contracted to manage covered over 700,000 sq.m.

We worked closely with Client A on preliminary planning and pre-delivery inspection before their new office addresses inaugurated, offering insights from the perspectives of facilities operation and workspace planning. As Client A continues to grow its business and office portfolio, we managed to continuously enhance our service capability to meet the increased demands. Our GFA under management of the Client A portfolio increased from 17,636 sq.m. as of December 31, 2017 to 710,713 sq.m. as of March 31, 2022.

A Leading E-Commerce Conglomerate (“Client B”)

Our cooperation with Client B dates back to 2015. Over the past six years, we accompanied the growth of Client B and extended our facility management services to 85 premises of Client B across 24 cities as of March 31, 2022.

With a nationwide portfolio covering multiple premises and over 600,000 sq.m., the greatest challenge of our facility management work with Client B has been the need to maintain consistently high standards of services in a vast range of settings, such as office space, and data centers. Capitalizing on the established presence of our property management and facility management services across geographies, as well as our advanced supply chain system, we have been able to design innovative, replicable and efficient facility management solutions catering to Client B’s diverse business needs, and perform standardized building operation and facility service procedures in line with Client B’s sustainability-oriented asset management strategies, regardless of location.

Our facility management team of one of the Client B’s office addresses was awarded “Facility Management Team of the Year — Excellence” by Royal Institution of Chartered Surveyors in 2021.

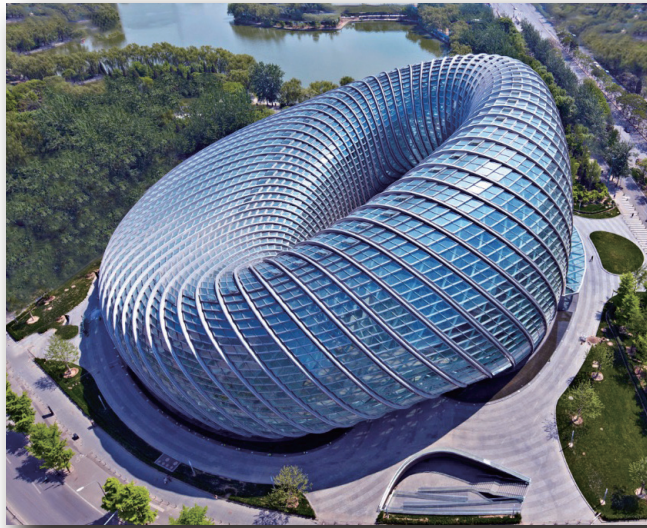
BUSINESS

Our Flagship Property and Facility Management Projects

With a diverse portfolio of high-profile commercial properties under our management, *Cushman & Wakefield Vanke Service* has become a go-to brand for property and facility management services. Prominent corporate and institutional clients place trust in us to preserve and enhance asset value through offering extraordinary property and facility management services.

We set forth below details of certain of our flagship property and facility management projects that demonstrate our brand strength and service capability:

Phoenix Center (鳳凰中心)



Situated at the lakeside of Chaoyang Park in Beijing, Phoenix Center is a multipurpose and comprehensive building with functions of television programming, offices and business located, serving as the regional headquarters of Phoenix TV. As of March 31, 2022, Phoenix Center’s GFA under our management was approximately 72,000 sq.m. Integrating IoT technology into our property management, we are able to collect and visualize key operating information of the equipment and facilities at every corner of the building, allowing us to largely replace manual inspections and achieve exemplary maintenance and energy efficiency. Phoenix Center received “LEED Platinum for Existing Buildings” from the U.S. Green Building Council, the highest level of LEED certification, in 2020. Our Phoenix Center property management team was separately shortlisted for “Sustainability Achievement of the Year” by RICS in 2019.

Shenzhen Energy Mansion (深圳能源大厦)



Shenzhen Energy Mansion is a skyscraper office building located in Futian Central Business District, the political, cultural and business center of Shenzhen, serving as the headquarters of Shenzhen Energy Group Co., Ltd.. Being a landmark of green and sustainable development, Shenzhen Energy Mansion applies a wide spectrum of complex energy-saving technologies, such as solar photovoltaic system and central waste-water processing system. To ensure that these cutting-edge green technologies function smoothly and to effectively achieve carbon reduction targets, our environmental management and engineering team formulated predictive maintenance programs covering the full life cycle of critical facilities and equipment. In implementing these programs, our onsite engineers conduct 24/7 inspections to identify system errors and enable early intervention. Shenzhen Energy Mansion received “LEED Platinum for Existing Buildings — Operations & Maintenance” from the U.S. Green Building Council in 2021.

Shanghai Columbia Circle (上海上生·新所)



Shanghai Columbia Circle consists of three historical buildings, 11 industrial renovation buildings and four contemporary buildings, serving as a pluralistic open space for office, entertainment, tourism and other leisure uses. As of March 31, 2022, Shanghai Columbia Circle’s GFA under our management was approximately 23,496 sq.m. Guided by the “minimal intervention” philosophy, the ethical core of our cultural heritage conservation practice, our onsite engineers strive to preserve the original look of historical buildings through participating in the replication and repair of unique architectural elements, such as scalloped shingles and terrace tiles, the spare parts of which are no longer available in the market. With a deep understanding of the project’s architectural structure, historical background and preservation techniques, hundreds of repair and maintenance service requests can be completed by our onsite engineers within one hour. In terms of visitor management, we introduce real-name appointment system and limit the number of visitors each day to strike a right balance between openness and preservation. Our Columbia Circle property management team received “Urban Regeneration of the Year — Excellent” from RICS in 2021.

Our Diversified Portfolio of Properties under Management

During the Track Record Period, we offered comprehensive property and facility management services to various types of properties, including office spaces, commercial complex, industrial parks, and public premises.

BUSINESS

The following table sets forth a breakdown of the total GFA under management, number of corporate and institutional clients and number of projects with respect to our property and facility management services by property type as of the dates indicated:

	As of December 31,									As of March 31,		
	2019			2020			2021			2022		
	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects
	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%		
Workspaces	33,187	68.8	445	59,080	74.5	718	77,627	62.3	933	83,840	61.8	983
Others ⁽¹⁾	15,064	31.2	178	20,261	25.5	261	46,928	37.7	632	51,762	38.2	667
Total	48,251	100.0	623	79,341	100.0	979	124,555	100.0	1,565	135,602	100.0	1,650

Note:

(1) Others primarily include commercial complexes and public premises.

The following table sets forth a breakdown of our revenue from property and facility management services under the commercial and urban space integrated services by property type for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Workspaces	2,026,865	78.9	3,198,213	79.5	4,099,369	77.5	827,881	81.1	1,167,407	70.7
Others ⁽¹⁾	541,908	21.1	825,103	20.5	1,188,700	22.5	192,519	18.9	484,539	29.3
Total	2,568,773	100.0	4,023,316	100.0	5,288,069	100.0	1,020,400	100.0	1,651,946	100.0

Note:

(1) Others primarily include commercial complexes and public premises.

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The following table sets forth a breakdown of our revenue from property and facility management services under the commercial and urban space integrated services by type of property developer* for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
China Vanke Group and its joint ventures or associated companies	439,237	17.1	621,097	15.4	890,843	16.8	189,234	18.5	276,362	16.7
Independent Third Parties	2,129,536	82.9	3,402,219	84.6	4,397,226	83.2	831,166	81.5	1,375,584	83.3
Total	2,568,773	100.0	4,023,316	100.0	5,288,069	100.0	1,020,400	100.0	1,651,946	100.0

* Projects developed by China Vanke Group and its joint ventures or associated companies but subsequently en bloc sold to Independent Third Parties are categorized into the group of “Independent Third Parties” to give a fairer picture of the background of decision makers who selected us as the property and facility management service provider. As of December 31, 2019, 2020, 2021 and March 31, 2022, out of 623, 979, 1,565 and 1,650 projects with respect to our property and facility management projects, 52, 60, 64 and 64 projects were developed by China Vanke Group and its joint ventures or associated companies but subsequently en bloc sold to Independent Third Parties, respectively.

Our property and facility management services are well-recognized in the industry. During the Track Record Period, revenue derived from property and facility management projects developed by (i) Independent Third Parties; and (ii) China Vanke Group and its joint ventures or associated companies but subsequently en bloc sold to Independent Third Parties was RMB2,129.5 million, RMB3,402.2 million, RMB4,397.2 million and RMB1,375.6 million, respectively, accounting for 82.9%, 84.6%, 83.2% and 83.3% of our revenue from property and facility management services under the commercial and urban space integrated services.

Our Geographic Presence

We have established a strong presence in property and facility management markets of China and Hong Kong.

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The following table sets forth a breakdown of the total GFA under management and number of projects with respect to our property and facility management services by city tier as of the dates indicated:

	As of December 31,						As of March 31,					
	2019		2020		2021		2022		2022			
	GFA under management ⁽¹⁾		Number of projects		GFA under management ⁽¹⁾		Number of projects		GFA under management ⁽¹⁾		Number of projects	
	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%		
First-tier cities and Hong Kong	14,681	30.4	163	27,076	34.1	368	34,162	27.4	490	37,434	27.6	517
New first-tier cities	21,559	44.7	297	36,821	46.4	411	49,064	39.4	548	52,040	38.4	575
Second-tier cities	10,418	21.6	141	13,022	16.4	166	29,898	24.0	337	32,871	24.2	361
Others	1,593	3.3	22	2,422	3.1	34	11,431	9.2	190	13,257	9.8	197
Total	48,251	100.00	623	79,341	100.00	979	124,555	100.00	1,565	135,602	100.0	1,650

Notes:

- (1) For certain property and facility management projects, our services agreements were silent as to the GFA of properties to be managed since clients and us did not particularly take into account GFA in determining our service fees. For the avoidance of doubt, GFA under management as of December 31, 2019, 2020, 2021 and March 31, 2022 excluded the GFA of such non-GFA-based projects.

The following table sets forth a breakdown of the total GFA under management and number of projects with respect to our property and facility management services by geographical region as of the dates indicated:

	As of December 31,						As of March 31,					
	2019		2020		2021		2022		2022			
	GFA under management ⁽¹⁾		Number of projects		GFA under management ⁽¹⁾		Number of projects		GFA under management ⁽¹⁾		Number of projects	
	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%	Sq.m. in thousands	%		
East China	19,025	39.4	288	26,403	33.3	384	51,537	41.4	713	55,907	41.2	741
South China	16,100	33.4	148	26,126	32.9	290	32,483	26.1	393	36,142	26.7	424
North China	5,451	11.3	78	11,893	15.0	126	15,644	12.6	164	17,280	12.7	177
Western China	3,763	7.8	52	7,298	9.2	90	10,328	8.3	120	10,612	7.8	122
Northeast China	2,121	4.4	25	3,276	4.1	32	7,668	6.2	89	8,524	6.3	94
Central China	1,791	3.7	32	4,345	5.5	57	6,895	5.4	86	7,137	5.3	92
Total	48,251	100.00	623	79,341	100.00	979	124,555	100.00	1,565	135,602	100.0	1,650

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Note:

- (1) For certain property and facility management projects, our services agreements were silent as to the GFA of properties to be managed since clients and us did not particularly take into account GFA in determining our service fees. For the avoidance of doubt, GFA under management as of December 31, 2019, 2020, 2021 and March 31, 2022 excluded the GFA of such non-GFA-based projects.

Revenue Model

Service Fees Charged for Property and Facility Management Services

The following table sets forth a breakdown of our total GFA under management with respect to non-residential properties as of the dates indicated and revenue generated from property and facility management services under the commercial and urban space integrated services segment for years or periods indicated by revenue model:

	As of/for the year ended December 31,									As of/For the three months ended March 31,		
	2019			2020			2021			2022		
	Revenue	GFA under management		Revenue	GFA under management		Revenue	GFA under management		Revenue	GFA under management	
	RMB'000	Sq.m. in thousands	%	RMB'000	Sq.m. in thousands	%	RMB'000	Sq.m. in thousands	%	RMB'000	Sq.m. in thousands	%
Lump-sum basis	2,503,696	43,545	97.5	3,893,530	64,843	96.8	5,143,847	108,915	97.3	1,625,372	120,541	98.4
Management remuneration basis	65,077	4,706	2.5	129,786	14,498	3.2	144,222	15,640	2.7	26,574	15,061	1.6
Total	2,568,773	48,251	100.0	4,023,316	79,341	100.0	5,288,069	124,555	100.0	1,651,946	135,602	100.0

During the Track Record Period, our property and facility management fees were primarily charged on a lump sum basis or on a management remuneration basis. During the Track Record Period, 2.5%, 3.2%, 2.7% and 1.6% of our revenue generated from property and facility management services was charged on a management remuneration basis, respectively, while 97.5%, 96.8%, 97.3% and 98.4% of our revenue generated from property and facility management services was charged on a lump-sum basis during the Track Record Period, respectively.

Property and facility management fees charged on a lump-sum basis

Under the lump-sum basis revenue model, we charge a pre-determined and all-inclusive fee for our property and facility management services, which we provide in accordance with the property and facility management service contracts we entered into. We are entitled to recognize the full amount of property and facility management fees receivable from property owners and/or occupiers as revenue and bear the costs incurred in providing our property service.

Property and facility management fees charged on a management remuneration basis

We recognize a predetermined property and facility management remuneration as revenue, while the remainder serves as working capital to cover the property and facility management costs incurred, which are typically borne by our customers who pay us service fees.

Loss-making Property and Facility Management Projects

During the Track Record Period, we incurred loss with respect to certain property and facility management projects for which we charged on a lump-sum basis. The table below sets forth details of our loss-making property and facility management projects adopting the lump-sum basis revenue model during the Track Record Period by type of property developer*.

	For the year ended December 31,						For the three months ended March 31,													
	2019			2020			2021			2022										
	Revenue RMB'000	% of total revenue	No. of loss-making properties terminated as of March 31, 2022	No. of loss-making properties terminated as of March 31, 2022	No. of loss-making properties retained as of March 31, 2022	No. of loss-making properties terminated as of March 31, 2022	Revenue RMB'000	% of total revenue	No. of loss-making properties terminated as of March 31, 2022	No. of loss-making properties retained as of March 31, 2022	Revenue RMB'000	% of total revenue	No. of loss- making properties terminated as of March 31, 2022	No. of loss- making properties retained as of March 31, 2022						
China Vanke Group and its joint ventures or associates	27,412	0.2	9	-	9	31,629	0.2	14	1	13	32,683	0.2	17	-	17	42,457	0.6	34	-	34
Independent Third Parties	237,751	1.7	108	27	81	340,492	1.9	96	18	78	574,748	2.4	214	15	199	296,550	4.3	304	6	298
Total	265,163	1.9	117	27	90	372,121	2.1	110	19	91	607,431	2.6	231	15	216	339,008	5.0	338	6	332

* Properties developed by China Vanke Group and its joint ventures or associated companies but subsequently en bloc sold to Independent Third Parties are categorized into the group of “Independent Third Parties” to give a fairer picture of the background of decision makers who selected us as the property and facility management service provider.

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During the Track Record Period, we incurred loss with respect to certain property and facility management projects for which we charged on a lump-sum basis. We incurred loss in an aggregate amount of RMB47.9 million, RMB49.9 million, RMB109.0 million and RMB81.5 million, respectively, with respect to 117, 110, 231 and 338 of our property and facility management projects, respectively, for which we charged on a lump-sum basis during the Track Record Period. Our loss-making property and facility management projects increased from 231 in 2021 to 338 in the three months ended March 31, 2022, which was generally in line with our business expansion. In addition, we generally received settlement of fees for preceding years after the first quarter mainly due to the impact of holidays season, such as Chinese New Year. Our total revenue generated from such loss-making property and facility management projects accounted for 1.9%, 2.1%, 2.6% and 5.0%, respectively, of our total revenue during the Track Record Period. The losses were primarily due to high initial and one-off costs incurred in the early stage of our property and facility management projects with respect to (i) service team set-up and staff deployment; and (b) purchase, installment and upgrade of hardware and software products in an effort to enhance customer loyalty. By demonstrating our service capability and providing quality services to our corporate and institutional clients, we believe we will be able to secure more service mandates at lower client acquisition costs, which in turn may enhance the profitability of these projects. To enhance the profitability of such loss-making property and facility management projects, we intend to implement the following measures: (i) promoting centralized procurement practice to enable economies of scale; (ii) utilizing cost management analytical tools to identify areas of improvements for human resources management on a project-by-project basis; (iii) enhancing communication with clients to deepen our understanding of their expectations and optimize our headcount planning accordingly; and (iv) formulating incentive measures to align project managers' interests with the profitability at project level.

Pricing Policy

As advised by our PRC Legal Advisor, commercial properties are not subject to the pricing regulations imposed by the PRC Government. We generally price our property and facility management services by taking into account factors such as (i) the positioning, location and surroundings of the properties; (ii) the scope of services and the expected service standards; (iii) management cost estimates; and (iv) the competitive landscape of the local property and facility management services sector. In particular, our service fees for commercial property services are generally calculated based on a fixed unit price per sq.m. per month multiplied by GFA under management of the projects (the “**Unit Price Model**”). In respect of integrated facility management services, the agreements generally set out a fixed service fee, with a cost breakdown prepared based on the labor and other resources allocated to the projects (the “**Fixed Price Model**”); alternatively the integrated facility management service agreements may only set out a fee estimate and the basis thereof (generally in the form of an estimated cost breakdown), while service fees payable to us will be subject to actual management costs incurred and further commercial negotiation with clients (the “**Flexible Price Model**”).

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The table below sets forth the average monthly saturated income per sq.m. of our property and facility management agreements adopting Unit Price Model during the Track Record Period:

	For the year ended December 31,			For the three months ended March 31,
	2019	2020	2021	2022
	RMB	RMB	RMB	RMB
Workspaces	5.14	5.39	5.94	6.06
Others	<u>4.28</u>	<u>4.77</u>	<u>5.11</u>	<u>5.30</u>
Overall	<u>4.89</u>	<u>5.22</u>	<u>5.70</u>	<u>5.84</u>

The table below sets forth the number of property and facility management agreements adopting Fixed Price Model or Flexible Price Model, with a contract amount no less than RMB10.0 million or RMB50.0 million as of December 31, 2019, 2020, 2021 and March 31, 2022, respectively:

	As of December 31,			As of March 31,
	2019	2020	2021	2022
Number of agreements with a contract amount no less than RMB10.0 million	40	53	77	81
Number of agreements with a contract amount no less than RMB50.0 million	3	4	7	7

Payment and Credit Terms

We may charge property and facility management fees on a monthly or quarterly basis, depending on the terms of our property service contracts. During the Track Record Period, the collection rate for property and facility management fees with respect to property and facility management service was approximately 95.2%, 97.0%, 96.9% and 97.0%, respectively.

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The following table sets forth the collection rate for property and facility management fees with respect to property and facility management service by property developer type* for years or periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2019	2020	2021	2022
Collection rate				
– China Vanke Group and its joint ventures or associated companies	95.5%	95.2%	95.5%	95.6%
– Independent Third Parties	95.2%	97.3%	97.2%	97.3%
Overall	95.2%	97.0%	96.9%	97.0%

* Properties developed by China Vanke Group and its joint ventures or associated companies but subsequently en bloc sold to Independent Third Parties are categorized into the group of “Independent Third Parties” to give a fairer picture of the background of decision makers who selected us as the property and facility management service provider.

Our Property and Facility Management Service Agreements

For the provision of our property and facility management services, we generally enter into property and facility service agreements with property owners and/or occupiers.

Acquisition of Property and Facility Management Service Agreements

As advised by our PRC Legal Advisor, under applicable PRC laws and regulations, unlike residential properties, there is no explicit requirement under PRC laws and regulations for us to get engaged as service provider for commercial properties through tender process. However, in practice, we also need to participate in competitive bidding process where demanded by relevant clients, to secure facility management service contracts.

Key Terms of Property and Facility Management Service Agreements

- *Scope of services:* We generally provide security services, cleaning and greening services, facility operation and maintenance services and integrated administrative support services, among others. For details, see “— Commercial and Urban Space Integrated Services — Property and Facility Management Services — Scope of Services.” Services can be different significantly among different projects in terms of coverage, complexity, duration and standards for performance evaluation, subject to the specific requirements of property owners or occupiers.
- *Performance standards:* The expected performance standards of our property and facility management services as well as the requirement to conduct regular inspection of the public areas and facilities are set forth in the agreements, including the expected frequency of cleaning and greening, the range of patrolling and the items that need to be maintained regularly.

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- *Obligations of property owners/occupiers:* Obligations of property owners/occupiers mainly include: (i) providing us with technical information on the installation, use and maintenance of shared facilities and equipment; (ii) providing room(s) to us for property and facility management services purposes; and (iii) providing us with the construction floor plans, auxiliary equipment acceptance documents and other documents related to the property.
- *Fees:* The agreed fees are set out in the agreements, which are usually charged on either a lump-sum basis or a management remuneration basis and payable monthly or quarterly. We generally charge penalties for late payment of property and facility management fees on a daily basis.
- *Subcontracting:* We may outsource certain specialized property and facility management services, such as the repair and maintenance of elevators, to professional third-party subcontractors.
- *Rights and obligations of property owners/occupiers:* Rights and obligations of property owners/occupiers mainly include: (i) reviewing and approving our proposed integrated facility management service plan and management measures; (ii) paying property service fees on time; and (iii) cooperating with us as we implement the approved service plan and management measures.
- *Termination and Dispute resolution:* Generally, parties may opt to terminate the agreements if the counterparties fail to perform certain contractual obligations stipulated therein. Alternatively, agreements can be terminated by mutual consent of both parties thereto. Parties to the property and facility management service agreement are typically required to resolve any contractual disputes through negotiations first before resorting to litigation or arbitration.

Retention, Expiration and Renewal of Property and Facility Management Service Agreements

The following table sets forth the retention rates and renewal rates of our property and facility management service agreements by type of property developer* for years or periods indicated:

	For the year ended December 31,			For the three months ended March 31,
	2019	2020	2021	2022
Retention rates				
– China Vanke Group and its joint ventures or associated companies	100.0%	100.0%	99.6%	100.0%
– Independent Third Parties	97.4%	95.6%	96.6%	99.7%
Overall	97.9%	96.6%	97.2%	99.7%

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	For the year ended December 31,			For the three months ended March 31,
	2019	2020	2021	2022
	Renewal rates			
– China Vanke Group and its joint ventures or associated companies	100.0%	100.0%	99.6%	100.0%
– Independent Third Parties	93.7%	95.4%	96.2%	99.1%
Overall	94.8%	96.1%	96.6%	99.2%

* Properties developed by China Vanke Group and its joint ventures or associated companies but subsequently en bloc sold to Independent Third Parties are categorized into the group of “Independent Third Parties” to give a fairer picture of the background of decision makers who selected us as the property and facility management service provider.

The following table sets forth the expiration schedule of our property and facility management service agreements as of March 31, 2022.

	Contracted GFA		Number of agreements	
	(sq.m. in thousands)	%	%	%
Property and facility management service agreements without fixed term	59,804	40.6	858	48.9
Property and facility management service agreements expiring in				
– Year ending December 31, 2022	28,900	19.6	422	24.1
– Year ending December 31, 2023	26,712	18.1	233	13.3
– Years ending December 31, 2024 and beyond	31,759	21.6	241	13.7
Subtotal	87,371	59.4	896	51.1
Total	147,175	100.0	1,754	100.0

Expansion of Property and Facility Management Project Portfolio

We had been expanding our portfolio of property and facility management projects during the Track Record Period primarily through obtaining new engagements from Independent Third Parties. The following table sets forth a breakdown of our total GFA under management by type of property developer* as of the dates indicated, as well as revenue from property and facility management services under the commercial and urban space integrated services segment by type of property developer* for years or periods indicated, both in absolute amount and as a percentage of revenue from property and facility management services.

	As off for the year ended December 31,						As off for the three months ended March 31,									
	2019		2020		2021		2022		2021		2022					
	GFA under management	Number of projects under management	Revenue	GFA under management	Number of projects under management	Revenue	GFA under management	Number of projects under management	Revenue	GFA under management	Number of projects under management	Revenue				
Sq.m. in thousands		RMB'000	Sq.m. in thousands		RMB'000	Sq.m. in thousands		RMB'000	Sq.m. in thousands		RMB'000	%				
China Vanke Group and its joint ventures or associated companies	11,257	154	439,237	17.1	14,693	197	621,097	15.4	19,100	249	890,843	16.8	19,515	257	276,362	16.7
Independent Third Parties	36,994	469	2,129,536	82.9	64,648	782	3,402,219	84.6	105,455	1,316	4,397,226	83.2	116,087	1,393	1,375,584	83.3
Total	48,251	623	2,568,773	100.0	79,341	979	4,023,316	100.0	124,555	1,565	5,288,069	100.0	135,602	1,650	1,651,946	100.0

* Projects developed by China Vanke Group and its joint ventures or associated companies but subsequently en bloc sold to Independent Third Parties are categorized into the group of "Independent Third Parties" to give a fairer picture of the background of decision makers who selected us as the property and facility management service provider.

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The table below sets forth the movements of our contracted GFA and GFA under management during the Track Record Period.

	As of December 31,						As of March 31,	
	2019		2020		2021		2022	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management
(Sq.m. in thousands)								
As of the beginning of the year	41,361	34,165	56,670	48,251	87,390	79,341	136,119	124,555
New engagements ⁽¹⁾								
– China Vanke Group and its joint ventures or associated companies	6,545	4,977	3,561	3,343	4,110	4,541	659	415
– Independent Third Parties	9,638	9,982	9,889	11,649	21,652	17,994	10,704	10,938
Subtotal	16,183	14,960	13,450	14,993	25,762	22,536	11,362	11,353
Acquisitions ⁽²⁾	–	–	18,751	17,438	27,055	26,766	–	–
Terminations ⁽³⁾	874	874	1,481	1,341	4,088	4,088	306	306
Total	56,670	48,251	87,390	79,341	136,119	124,555	147,175	135,602

Notes:

- (1) New engagements primarily include (i) property and facility management service agreements entered into with property developers or occupiers for new properties; and (ii) property and facility management service agreements for properties that replaced their former property and facility management service providers. The renewed agreements are not regarded as new engagements entered into during such year. For the avoidance of doubt, the newly engaged GFA under management includes the newly delivered GFA we were contracted to manage in prior years.
- (2) Acquisitions refer to new GFA we obtained through acquisitions of other property and facility management service providers.
- (3) We decided not to renew certain property and facility management service agreements due to their overall profitability and/or other commercial reasons.

During the Track Record Period, our tender success rate for property and facility management service projects developed by China Vanke Group and its joint ventures was 100.0%, 100.0%, 100.0% and 100.0%, respectively, and our tender success rate for property and facility management service projects developed by either (i) Independent Third Parties; or (ii) China Vanke Group and its joint ventures or associated companies but subsequently en bloc sold to Independent Third Parties, was 73.0%, 63.5%, 55.7% and 36.6%, respectively.

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Value-added services for developers

Property developer is another category of clients we serve. Capitalizing on our brand strength and expertise, we help property developers enhance operational efficiency and better meet their end-customers' evolving needs. Our value-added services for developers primarily include (i) sales center and model room management; (ii) pre-delivery support services; and (iii) building maintenance services. In addition, we have been working with property developers to explore technology solutions for various use cases. The following table sets forth a breakdown of our revenue from value-added services for developers under the commercial and urban space integrated services segment for years or periods indicated, both in absolute amount and as a percentage of our revenue from value-added services for developers.

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sales center and model room management services	1,265,042	74.7	1,430,463	60.5	1,812,306	59.1	364,103	65.2	398,176	60.0
Pre-delivery support services	391,345	23.1	533,380	22.6	682,988	22.3	89,703	16.0	119,062	17.9
Building maintenance services	36,860	2.2	399,404	16.9	569,983	18.6	104,938	18.8	146,499	22.1
Total	1,693,247	100.0	2,363,247	100.0	3,065,277	100.0	558,744	100.0	663,737	100.0

Sales Center and Model Room Management

We provide property service to sales centers and model rooms of property developers, such as visitor reception, cleaning, security and maintenance services, to ensure the orderliness during the property sales activities of the property developers. We typically charge property developers a fixed service fee calculated based on a unit price and GFA of the project, taking into account the service scope, service standards and staffing requirements. We generally require our clients to pay on a monthly or quarterly basis.

Pre-delivery Support Services

At the construction stage of a property, we provide professional advice to property developers from the perspective of property service. For instance, we advise on traffic planning and garbage clearance of the residential and commercial communities. We are also engaged to review construction blueprints and provide recommendations as to the engineering design of property management premises, landscaping, public area decoration, energy management solutions, among other things. We assist in project handover process by performing construction quality inspections, pre-delivery cleaning services and other preparatory work necessary in order to undertake property services after the delivery of properties. We generally charge a fixed service fee rate of RMB4.0 per sq.m. for the pre-delivery support services we render. According to Frost & Sullivan, our service fee rate is in line with the peers within the same industry.

AIoT Solutions

We create value for property developers through providing AIoT solutions. Revenue derived from these services during the Track Record Period was presented under our AIoT and BPaaS solution segment. See “– AIoT and BPaaS Solution Services – AIoT Solutions.”

Building Maintenance Services

Property developers engage us to provide building maintenance services to maintain the proper conditions of the buildings in their ordinary use. Our responsibilities as a building maintenance service provider generally include (i) handling the building maintenance requests of property owners; (ii) designing and executing building maintenance and renovation programs; (iii) carrying out regular quality inspections and risk assessments; (iv) tracking the progress of routine maintenance tasks; and (v) managing general contractors and subcontractors. The service fees we charge our clients generally represent the sum of the actual costs incurred plus an agreed-upon mark-up, which typically amounts to 9% of the actual costs. Alternatively, we may charge our clients a fixed price, which is calculated based on a unit price per sq.m. per year and the GFA under maintenance.

Urban Space Integrated Services

In response to “innovative management on urban spaces” and “smart cities” initiatives of the PRC Government in recent years, we have taken a proactive approach in developing and optimizing our technology-driven urban space integrated services. In particular, we have established *City Up* as our independent urban space integrated service brand, with a vision “To make city a better place (讓城市更美好).”

In managing services under *City Up* brand, we adopted the core operation model of “Territory-wide Intelligent Operations (全域智能運營),” through which we effectively dissect and reorganize different operation modules in urban space by applying systems thinking and detail-oriented process management, both of which are key approaches that define how we operate property services business. Through “Territory-wide Intelligent Operations”, we have successfully innovated the production and organizational processes of public services designed for urban spaces. The success of this operation model hinges on the following two key functional features:

- *Integration.* This represents our efforts in dissecting and reorganizing various operation modules in relation to public services for urban space, covering those generally undertaken by government authorities and different service providers in the market. By effectively connecting multiple stakeholders of the urban governance system, we are able to establish efficient service processes and standards, enabling enhanced efficiency and overall experience.
- *Intelligence.* This represents our efforts in connecting people, facilities and dispatching systems in relation to services in urban space in a way to form an efficient network, where we act as an onsite manager in charge of dispatching work, and assume the role of a system developer and an operator.

How We Render Services

We provide urban space integrated services through the following ways:

- Establishing joint ventures or associated companies with state-owned investment vehicles designated by relevant government clients (the “**Cooperation Model**”). Under the Cooperation Model, joint ventures or associated companies are generally controlled by state-owned investment vehicles, while we assign general managers to take charge of daily operations and management of the relevant entities. The joint ventures and associated companies we established under this model not only empower urban public services, but also promote local employment and contribute to local tax revenue.
- Entering into urban space integrated service agreements directly with relevant government clients through participating in the tender and bidding process initiated by relevant government authorities (the “**Direct Engagement Model**”). Under this model, with a comparatively simple process, we are able to fully mobilize the market participants to engage in urban public services.

As of December 31, 2019, 2020, 2021 and the three months ended March 31, 2022, we had six, 16, 47 and 52 urban space integrated service projects in four, eight, 22 and 30 cities, respectively.

In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, our revenue generated from urban space integrated services was RMB30.6 million, RMB102.0 million, RMB339.8 million, RMB43.9 million and RMB122.2 million, respectively, accounting for 0.2%, 0.6%, 1.4%, 0.9% and 1.8% of our total revenue during the same period, respectively.

Our Solution

Our solution integrates people, equipment and dispatching system. People include on-site management personnel as well as supporting digitalized operational processes. Equipment includes terminal sensors and on-site mechanical facilities, which serve as important data inflow gates for our dispatching system. Dispatching system connects people and equipment, forming a closed loop for online data and offline services. In addition, we conduct regular analysis on relevant information, based on which, we take efforts to optimize work processes of both people and equipment involved therein.

Our solution covers 73 types of business in relation to urban space integrated services, such as municipal sanitation, greening and cleaning, road and bridge maintenance, auxiliary inspection and ecological environment monitoring.

Highlighted Case

In March 2020, the Chengdu High-tech Industrial Development Zone Management Committee (the “**Chengdu High-tech Zone**”) contracted one of our associated companies (the “**Project Company**”) to provide urban space integrated services and introduce the “Territory-side Intelligent Operations” model.

In managing this project, the Project Company offers comprehensive solutions covering integrated management of garbage classification, sanitation and cleaning, water management of municipal roads and bridges, landscaping, auxiliary inspection of cityscape and other services. To effectively enhance operational and management efficiency, the Project Company engaged us to provide integrated AIoT solution services, which include, among others, (i) the procurement, installation, operation and maintenance of smart equipment products such as AI-enabled patrol cars and cameras; and (ii) development of various software systems, such as digitalized urban operation platform and employee mobile applications. The Project Company is also a subscriber of our BPaaS solution services, for which we charge a remote space operation service fee amounting to 2% of its revenue each year. For details of our AIoT and BPaaS solutions services, see “— AIoT and BPaaS Solution Services.” In over two years, leveraging our dispatching system, the Project Company processed nearly 100,000 work orders. In addition, by deploying A1 patrol cars, the Project Company significantly increased our inspection efficiency of urban public spaces. In 2021, a park in this pilot area ranked first in Chengdu High-tech Zone’s annual assessment on greening management and protection work, while the air quality ranking of one sub-district rose to the first place in Chengdu High-tech Zone in the same year.

Pricing Policy

For projects carried out through the Direct Engagement Model, we specify the service fee for our urban space integrated services in the contract and the service fee is payable monthly depending on our actual workload and performance. Our pricing of services in urban space generally takes into account a variety of factors, including (i) government budgets; (ii) the nature and complexity of the services required; (iii) the duration of the services; and (iv) staffing required. For projects carried out through the Cooperation Model, while the revenue earned by our joint ventures and associated companies in the course of carrying out urban space operation projects will not be recognized as revenue in our consolidated statements of profit or loss, we may recognize attributable profits or losses based on our shareholding in these joint ventures and associated companies. For the project of Chengdu High-tech zone, for instance, in the first half of 2022, the revenue for the project company derived in relation to the urban space integrated services increased by 27.3% to reach RMB31.3 million as compared to RMB24.6 million for the same period in 2021. At the same time, based on our dispatching system, we charge remote data operation service fees from relevant entities that provide urban space integrated services. For details of the specific model and pricing policy, please see “— AIoT and BPaaS Solution Services — BPaaS Solutions — Remote Space Operation Services”.

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In addition to generating revenue, our provision of urban space integrated services has provided us with strategic meaning. By providing such services, we have been able to establish long-term and sustainable partnerships with various local governments, thus creating many business opportunities for our other vertical business lines.

AIOT AND BPAAS SOLUTION SERVICES

Combining our deep expertise in services in community, commercial and urban spaces and strong technological capabilities, we deliver AIoT and BPaaS solutions to corporate and institutional clients across industries. In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, our revenue generated from AIoT and BPaaS solution services was RMB806.2 million, RMB1,033.8 million, RMB1,850.4 million, RMB338.0 million and RMB498.8 million, respectively, representing 5.8%, 5.7%, 7.8%, 7.1% and 7.3% of our total revenue during the same period, respectively.

The following table sets forth a breakdown of our revenue from AIoT and BPaaS solution services by type of services for years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
AIoT solutions	692,573	85.9	782,783	75.7	1,216,352	65.7	258,018	76.3	311,476	62.4
BPaaS solutions	113,650	14.1	250,971	24.3	634,034	34.3	79,960	23.7	187,316	37.6
Total	806,223	100.0	1,033,754	100.0	1,850,386	100.0	337,978	100.0	498,792	100.0

AIoT Solutions

Our technology arm, *Vanrui IntelliTech*, offers one-stop AIoT solutions spanning various stages of smart property life cycle, from initial construction planning and design, technology development and integration, construction and installation to post-delivery operation and maintenance stages. Our clients may contract with us to provide only one, all or a combination of the aforesaid services at a time, subject to their specific needs. As part of our service offerings, clients who engage us to provide AIoT solutions usually purchase our innovative, self-developed smart equipment products and software systems, such as our *Blackcat* series unmanned pedestrian access control system and *Smart Guest* series visitor registration and identity verification system. We continuously make investments in developing our AIoT solutions provisions, and our algorithm solution is highly recognized in the Image Matching Challenge of CVPR 2022 Workshop sponsored by IEEE (Institute of Electrical and Electronics Engineers), one of the most premier international academic annual conferences on computer vision and pattern recognition that attracts world-class algorithm teams to compete. Such achievement enables our enhanced efficiency in delivering AIoT solutions in complex service scenarios. As of the Latest Practicable Date, we had served property developers, property managers and government and corporate clients in 91 cities, providing them with AIoT

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solutions in a wide range of service scenarios, such as smart construction sites, smart communities, smart buildings, smart industrial parks and smart cities. AIoT solutions are the foundation of the sensing layer in the structure of our technology platform and lend critical support to our development and commercialization of BPaaS solutions. See “– Research & Development.”

We believe the success in commercializing our AIoT solutions is attributable to our large-scale yet cost-effective implementation and delivery capabilities. We have over 2,000 technicians and project managers and our labor resources are shared nationwide and flexibly deployed, which enable us to timely meet our clients’ needs in terms of delivery, operation and maintenance. In addition, our digital management platform can realize remote visualized management and control over our projects, functions of which include project management, status alerts, remote inspection and acceptance, mobile work order management, mobile attendance management, knowledge management, employee income visualization and material visualization. In addition, we exercise remote construction quality control for over 400 projects that are concurrently under development to ensure our service quality can meet each client’s own specific definition of excellence.

The service agreements we entered into with our clients in connection with our AIoT solutions generally set forth an estimated construction cost, which is determined based on scale and scope of our work, the costs of labor, utilities, taxes and suppliers, among other factors. Depending on the services we eventually render, service fees payable to us by our clients may deviate from estimation. In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, our revenue generated from AIoT solutions was RMB692.6 million, RMB782.8 million, RMB1,216.4 million, RMB258.0 million and RMB311.5 million, respectively, representing 85.9%, 75.7%, 65.7%, 76.3% and 62.4% of our revenue generated from AIoT and BPaaS solution services during the same period, respectively.

The table below sets forth a breakdown of revenue from AIoT solutions and the number of new projects by type of ultimate paying customers during the Track Record Period.

	Year ended December 31,								Three months ended March 31,			
	2019		2020		2021		2021		2022		2022	
	Revenue	Number of new projects	Revenue	Number of new projects	Revenue	Number of new projects	Revenue	Number of new projects	Revenue	Number of new projects	Revenue	Number of new projects
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
China Vanke Group and its joint ventures or associated companies . . .	497,328	71.8	435	544,739	69.6	479	834,904	68.6	492	194,795	62.5	110
Independent Third Parties	195,245	28.2	199	238,044	30.4	256	381,448	31.4	309	116,681	37.5	87
Total	692,573	100.0	634	782,783	100.0	735	1,216,352	100.0	801	311,476	100.0	197

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BPaaS Solutions

The introduction of our BPaaS solutions reflects our aspiration to reshape the way of operating businesses through increased efficiencies. Our BPaaS solutions primarily include (i) remote enterprise operation services; and (ii) remote space operation services. In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, our revenue generated from BPaaS solutions was RMB113.7 million, RMB251.0 million, RMB634.0 million, RMB80.0 million and RMB187.3 million, respectively, representing 14.1%, 24.3%, 34.3%, 23.7% and 37.6% of our revenue generated from AIoT and BPaaS solution services during the same period, respectively.

Remote Enterprise Operation Services

The core objective of our remote enterprise operation services is to drastically improve the performance of business processes with our process-centric technologies and remote operation capabilities. Corporate clients outsource their finance processes, human resources operations, recruitment operations and information technology help desk services to us to streamline their business processes. Our remote enterprise operation services enhance the flexibility of client processes using our experience-centric, machine-and-process-empowered benchmarks developed by analyzing how tens of thousands of internal and external client transactions are being processed every day. Our clients include, among others, car manufacturers, property management companies, Internet companies, property developers, hotels and logistics companies. Our service fees for remote enterprise operation services are charged based on the nature of services our clients subscribe for as well as the number of service requests, which are generally payable on a monthly or quarterly basis.

The table below sets forth certain operating information of our remote enterprise operation services during the Track Record Period.

	Year ended December 31,			Three months ended March 31,
	2019	2020	2021	2022
Number of contracts performed.	55	97	197	318
Average revenue per contract (RMB'000) ⁽¹⁾ . .	1,060	1,963	2,358	433
Number of paying customers	9	23	89	155
Number of repeat customers	N/A	9	23	89
Average revenue per customer (RMB'000) ⁽²⁾ . .	6,461	8,114	5,204	888

Notes:

- (1) Average revenue per contract is calculated as the revenue of the Group for the financial year or period derived from our remote enterprise operation services divided by the total number of contracts performed for the same year or period.
- (2) Average revenue per customer is calculated as the revenue of the Group for the financial year or period derived from our remote enterprise operation services divided by the total number of paying customers for the same year or period.

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Highlighted Case

We provide a comprehensive suite of remote enterprise operation services with our BPaaS solutions through our Business Process Outsourcing Center under *Xiangying Enterprise Service* (“**BPO Center**”), including among others, finance process operations, human resources operations, and information technology help desk services. Our BPO Center provides end-to-end services to our enterprise clients through management of employees and business process. In particular, we are able to tailor our BPaaS solutions and address the principal business process of an enterprise typically as follows:

- For finance process, we are able to provide end-to-end process services covering the procedures from costs to reimbursement, purchase to payment, order to collection, and general ledger to financial statements, and we are able to provide our clients with market-based calculation and analysis according to their operations process, as well as conduct calculations of the annual turnovers for each of their accounts.
- For human resources operations, we provide services to enterprise clients for employees and human resources-related matters, such as payroll services, attendance management and contract management.
- For information technology help desk services, we have established a Remote Data Operation Center to support and satisfy clients’ demands in a distance. The clients can use the desktop kits set on the desktops or call directly to the Remote Data Operation Center to deal with IT-related problems encountered in their day-to-day operations. In addition, we have deployed more than 300 IT staff across the nation to respond promptly to our clients’ demands.

Remote Space Operation Services

We provide remote space operation services, such as intelligent urban space workflow management services (including but not limited to monitoring, troubleshooting and resource dispatch services) and operation data analysis services, to companies which engage in urban space integrated services. During the Track Record Period, we have provided remote space operation services to our joint ventures and associated companies, as well as third party clients. We generally charge our clients a digitalized operation service fee amounting to around 2% of their revenue each year and share their profits or losses based on our equity interests therein.

Highlighted Case

The Project Company in the Chengdu High-tech Zone mentioned above is subscribed to our remote space operation services to optimize the efficiency and service quality of its urban space integrated services for such project. Our BPaaS solutions for the Project Company primarily cover the following two aspects:

- Intelligent urban space workflow management services: our remote space operation services enable the Project Company to optimize its operational efficiency by managing the workflow of monitoring, troubleshooting and resource dispatching in a digitalized, intellectual and efficient manner. Various electronic devices and instruments deployed in the relevant urban spaces have been equipped with our algorithms, enabling such devices to respond automatically to a number of operation scenarios involved in cleaning, gardening and security services. Typical examples include remote monitoring and spot check of waste transfer station, remote light controls and intelligent patrol.
- Operation analysis services: our remote space operation services provide technology-backed solutions to the Project Company in respect of operation efficiency enhancement, where integrated information and data analysis capabilities can assist its management team in making business decisions.

Future plans for our BPaaS Solutions

Going forward, we plan to strategically invest in the development of our BPaaS solutions. As disclosed in “Future Plan and Use of Proceeds”, approximately 15% of the proceeds will be used to finance the development of our BPaaS solutions, among which 5% will be used to enhance BPaaS solutions such as cloud-enabled maintenance inspection, cloud-enabled predictive maintenance, cloud-enabled coordination, cloud-enabled customer services and cloud-enabled access control that are targeting community and urban spaces, while the rest 10% will be used to develop new service processes that are targeting more complex scenarios in more types of spaces, such as office spaces, commercial complexes, industrial parks and public premises. In addition, we also plan to expand our third-party client bases for our BPaaS solutions leveraging our established brand recognition and market positions. The details of our plans for remote enterprise operation services and remote space operation services are as follows.

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Future plans for remote enterprise operation services

We will continue to expand our client bases for each of our services and solutions in relation to our remote enterprise operation services. Upholding our client-centric philosophy, we plan to expand our service scope and upgrade our current services portfolios for our corporate clients to keep up with changes in client demands. For example, we plan to provide additional services to our corporate clients through *Xiangying Enterprise Service*, such as providing upgraded services of recruitment, labor outsourcing and business process outsourcing targeted for more complex scenarios, which in return may increase the average revenue per customer and revenue per contract.

In addition, we plan to foster synergies across our remote enterprise operation services and other business lines. In particular, we plan to expand our client bases for remote enterprise operations services by reaching out to our existing and potential corporate clients from other business segments, such as commercial and urban space integrated services.

Future plans for remote space operation services

We will continue to offer high-quality remote space operation services for our existing and newly engaged urban space integrated services clients to develop and enhance our reputation and leading position in the market, and to maintain and increase their subscription to our BPaaS solutions. We also plan to leverage the increased concentration of Onewo Towns to expand our client bases for our remote space operation services.

Moreover, we will continue to enhance synergies among remote space operation services and other business lines. The expansion and development of our BPaaS solutions will improve the management efficiency of our residential property services and urban space integrated services. In particular, the wide application of BPaaS solutions in Onewo Town will increase the profit margin in relevant projects.

OUR PEOPLE

Our journey as a company providing property services started in 1990. Over the last three decades, we have established a strong service culture as well as a customer-centric and creative service team. We have further developed an inheritable corporate culture and operating system centered on the values of “Service”, “Champion” and “Positivity”, which are crucial for us to keep attracting and retaining talent that meets our business development needs. In addition, the structure of our human resources can facilitate business transformation and development. While most of our talents undertake customer service roles, we have gradually brought in talents in areas such as sales and marketing, research and operations, property and project delivery, as well as functional support, forming a diversified and all-rounded team that lays the foundation for our business development.

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As of March 31, 2022, we had a total of 106,417 employees. The following table sets forth the number and breakdown of our employees by function as of March 31, 2022:

Function/Department	Number of employees	% of our employees (%)
Management	1,634	1.5
Customer services	19,754	18.6
Sales and marketing	5,804	5.5
Research and operations	2,046	1.9
Property and project delivery	72,780	68.4
Functional support	4,399	4.1
Total	<u>106,417</u>	<u>100.0</u>

The table below sets forth the number and breakdown of our employees by geographic region as of March 31, 2022:

Region	Number of employees	% of our employees (%)
Northeast China	6,124	5.8
North China	15,907	14.9
East China	35,126	33.0
South China	29,586	27.8
Central China	8,114	7.6
West China	11,560	10.9
Total	<u>106,417</u>	<u>100.0</u>

We have a team of service coordinators and project managers who are committed to providing superior customer services with their strong work ethic and precious qualities such as friendliness, integrity and endurance. We consistently improve our employees' occupational skills through standardized service systems, professional training mechanisms, and leadership role models established by senior management, all of which add up to an optimized customer experience. Furthermore, we have been able to provide premium services with a consistent standard across China thanks to our nationwide business development and continued efforts to uphold our corporate culture across our Group. We grow and maintain our team primarily through cultivating in-house talents and the implementation of comprehensive training programs aimed at cultivating devoted service providers. In addition, we launched the "Onewo V Trainee" (萬物生V Trainee) program that focuses on recruiting fresh graduates. This enables us to attract high-quality candidates. We further provide systematic practical training opportunities to these candidates, which in turn allow us to create a vibrant pool of management and service talents.

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Historically, we have undergone two major transformations in growing our team, which were related to overall marketization and technology development, respectively. During the first overall marketization transformation, we formed a career development path that effectively integrates different functional lines, encouraging customer service personnel to take on marketing and sales responsibilities, thereby establishing a professional and dedicated team of sales and marketing staff. On one hand, this allows our marketing team to effectively identify customers' needs via the lens of their extensive service-related experience, resulting in significant development potential for our services in community space. On the other hand, we launched multiple training programs designated to enhance employees' professional skills, enabling them to offer comprehensive solutions to corporate and institutional clients.

Furthermore, as technology evolves, we strive to attract talent with solid experience in advanced technologies such as the Internet, IoT, and AI. We have established a team with strong technology R&D and operation capabilities, capitalizing on which, we are able to effectively integrate product, R&D and operations, covering all key functions including products development, R&D, digitalized operations, technology-backed commerce. In particular, through optimizing the operations processes of product management and business teams, we managed to gradually transform on-site work to remote operations, and have built up a team focused on remote digital operations. These achievements greatly propelled our continuous development of technology-driven business operations.

Capitalizing on our property and project delivery team, we are able to deliver high-quality product and service solutions to customers. In addition, leveraging our "service coordinator system" that is widely recognized for its rich history and maturity, we are able to walk in the shoes of customers to ensure good service experience. In the meantime, we are able to provide customized services to meet the demands of customers, which allow us to continuously optimize our property and project delivery procedures.

We have a functional support team with extensive industry experience that supports business growth and risk management by leveraging sophisticated technology, big data analytics capabilities, processing optimization, and cross-functional collaboration. We intend to continue to optimize operational efficiency and foster synergies among different business lines.

We believe that our employees are our valuable assets. To assist our staff in better understanding and adhering to the values of "Service", "Champion" and "Positive", we provide new employees with an "entry guide". New employees are expected to attend multiple trainings before becoming official staff. These training opportunities span a variety of topics, including customer service, sales, operations, and delivery, and provide our staff with an in-depth understanding of their respective fields. In addition, our continuous leadership development strategy focuses on strategically developing our employees' management capabilities, which enable us to identify talent across all occupational levels who adhere to our cultural values and demonstrate superior work performance, business acumen, customer service awareness, and innovation.

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As of March 31, 2022, we did not form any labor union. We have not encountered any material difficulties in recruiting suitable candidates for our operation and we did not experience any material labor disputes with our employees, nor did we encounter any strike, labor dispute or industrial action that would have a material adverse effect on our business, financial condition and operational results.

Dispatched Staff

Pursuant to the Interim Provisions on Labor Dispatch (勞務派遣暫行規定) (the “**Interim Provisions**”) which came into effect on March 1, 2014, an employer shall strictly control the number of dispatched staff to make sure that it does not exceed 10% of the total number of its workers. In the event of violation of the Interim Provisions, the relevant labor department would order the violating company to rectify such violation. If the violating company does not rectify within a prescribed period, it will be imposed a fine of RMB5,000 to RMB10,000 for each person over the limit. As of the Latest Practicable Date, the number of dispatched staff of one of our subsidiaries exceeded the threshold of 10% as required by the Interim Provisions that a total of 66 dispatched staff hired by such subsidiary were involved in exceeding the threshold of 10%. These dispatched staff were mainly hired for positions with supporting nature. As a result, the potential maximum fine which may be imposed on us amounted to RMB660,000. In order to reduce the percentage of dispatched staff engaged by us to a level that complies with the Interim Provisions, as of the Latest Practicable Date, we were in the process of scaling down our engagements with dispatched staff by entering into formal employment relationships with those that meet our hiring standards. We have also enhanced certain internal control measures such as preparing a control list to monitor the proportion of dispatched staff and such list will be submitted to the head of human resource department of each subsidiary for review on a regular basis. We will make sure that the number of the above-mentioned dispatched staff does not exceed 10% threshold before the Listing.

Taking into consideration (i) the written confirmation from the relevant labor administration authority, which is the competent regulatory authority to give such confirmation as advised by our PRC Legal Advisor, that we had not been subject to material administrative penalties as a result of violating the applicable labor protection laws and regulations in the PRC; and (ii) as of the Latest Practicable Date, we had not been requested by the relevant labor administration authority to rectify such incident, our Directors are of the opinion that such incident will not have a material adverse impact on our business or results of operations.

Social Insurance and Housing Provident Fund Contributions

During the Track Record Period and up to the Latest Practicable Date, we did not register for and/or make full contributions to social insurance and housing provident funds for a few employees under certain special cases. Under the Regulations on Administration of Housing Fund (住房公積金管理條例), (i) for housing provident fund registrations that we fail to complete before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch and (ii) for housing provident fund contributions that we fail to pay within the prescribed deadlines, we may be

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subject to any order by the relevant people's court to make such payments. According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, we may be subject to a daily penalty rate of 0.05% from the date the relevant contributions became payable. If payment is not made within the prescribed period, we may be liable to a fine of one to three times the outstanding contribution amount. Based on the unpaid social insurance contribution of RMB1,941.8 thousand for 130 employees involved as of June 30, 2022, the potential maximum fine which may be imposed on us if we fail to make required payments within the prescribed period as required by the government equals three times of the outstanding amount of our social insurance contribution. In respect of the unpaid amount of our housing provident fund contribution of RMB1,140.0 thousand for 305 employees as of June 30, 2022, we may be ordered to make full payment on the unpaid amount within the time period stipulated by relevant authorities.

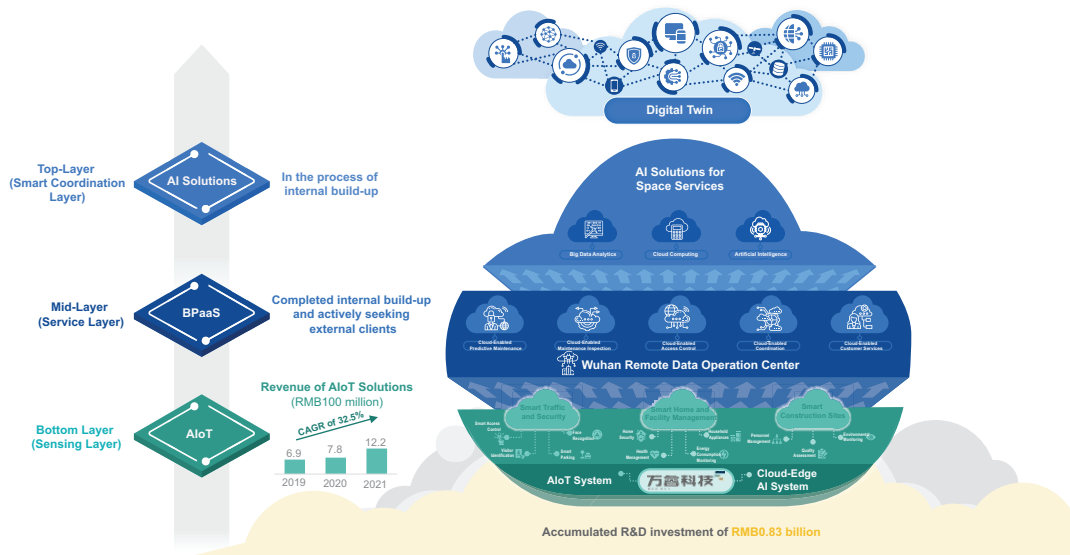
During the Track Record Period, there were no material disputes between our employees and us or between the relevant government authority and us regarding the social security insurance or housing provident fund contributions. During the Track Record Period and as of the Latest Practicable Date, we had not received any order from the relevant governmental authority requiring us to pay penalties in respect of the social security insurance or housing provident fund contributions, and it had not come to our awareness that we were subject to any form of investigation concerning such matters. Our PRC Legal Advisor is of the view that the risk of us to be imposed fine is low provided that our subsidiaries pay the unpaid amount of social insurance and house provident funds in full in a timely manner upon receiving the relevant notice to rectify such non-compliance from the competent PRC regulatory authorities. As such, we did not make provision with respect to social insurance and housing provident funds contributions. Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.

As of the Latest Practicable Date, we had implemented guidelines relating to making contributions to social security insurance and housing provident funds. Such guidelines require us to maintain detailed records of the contracts with our employees and their remunerations. Our human resources administration department is directly responsible for reviewing our employee payroll to ensure the social insurance security and housing provident fund contributions have been appropriately made in accordance with the applicable laws and regulations, which will constantly monitor our on-going compliance, investigate into any issues detected in a timely manner and communicate with the relevant local governmental authority to ensure we fulfill our obligations under the applicable PRC laws and regulations. In addition to the above, we undertake to complete the necessary registration or make the relevant contributions within a prescribed period if we receive any request from the relevant government authorities.

Research & Development

We believe that technology is critical to the successful delivery of our services, and plays a crucial role in optimizing our operational efficiency and improving our profitability. With our long-term investments in the build-up of our innovation capability, we continuously fortify our competitive edges and differentiate ourselves in the market.

The diagram below sets forth the structure of our technology platform:



Bottom Layer (Sensing Layer): AIoT System and Cloud-Edge Collaboration Capabilities

We have been making strategic investments in developing AIoT system and cloud-edge collaboration capabilities for a decade. The entire software stack of our smart communities and smart buildings is based on our AIoT system, which is embedded with highly sophisticated edge servers and smart devices. Remote sensing has become a key solution for us to carry out routine equipment inspection tasks traditionally undertaken by on-site technicians. Empowered by machine learning algorithms and data analytics capabilities, our edge servers installed alongside cameras and other sensing devices are able to constantly monitor the surrounding environment and on-site equipment. Once our AI algorithms detect anomalies, they could automatically generate work orders and respond to emergencies.

Our signature series of smart equipment, *Blackcat*, embodies our latest developments in AIoT technology. It is part of the AIoT solutions that can be applied to a broad range of property service settings, including automated patrolling, remote access control, video surveillance, automated carpark management, smart lighting and environment detection. *Blackcat* assists property service providers in detecting critical information about various aspects of the properties. As of the Latest Practicable Date, our AIoT solutions had been commercialized and become a fast-growing revenue stream. See “— AIoT and BPaaS Solution Services — AIoT Solutions.”

Middle Layer (Service Layer): BPaaS Solutions Supported by AIoT System and Remote Operation Capabilities

We believe that successful implementation of digitalization strategies requires cloud-enabled approach, and have devoted a tremendous amount of efforts to developing a digital system which effectively orchestrates people, smart devices and service processes. Cloud-based software liberates our people from labor-intensive work, allowing them to react nimbly to various service requests from our customers. Set forth below are the core features of our Technology services:

- ***Cloud-enabled maintenance inspection.*** We digitalize management of equipment and facilities through wireless sensors. These sensors are placed in a variety of spots to trace and monitor the functioning of our equipment and facilities. Equipment managers receive instant alarm notifications, effectively minimizing response time and facilitating maintenance efficiency.
- ***Cloud-enabled predictive maintenance.*** Our IoT-enabled solutions process real-time information collected through wireless sensors, enabling us to accurately foresee and identify maintenance needs before they become costly to fix.
- ***Cloud-enabled coordination.*** Our cloud platform enables centralized management and coordination of resources by providing instant visibility into the emergency scenes and relevant operating data of properties under our management.
- ***Cloud-enabled customer services.*** Our cloud platform digitalizes various customer service functions traditionally undertaken by our property management service centers located in residential properties we manage, such as (i) collection of property service fees; (ii) handling of repair and maintenance requests; and (iii) posting management notices and announcements of community activities.
- ***Cloud-enabled access control.*** Leveraging deep learning, big data analytics and IoT technological toolsets, our smart access control solutions offered through *Blackcat 3* and other hardware products allow property managers to provide unmanned, hassle-free services without compromising security.

Built upon our AIoT system at the bottom layer, we have successfully launched the Wuhan Remote Data Operation Center, a remote operation system and management platform equipped with digital service processes. As of March 31, 2022, Wuhan Remote Data Operation Center had brought together over 2,000 property service projects.

All of the aforementioned technology achievements serve as a solid base for and an integral part of our BPaaS solutions. BPaaS converts knowledge of practices into standardized modules using cloud computing paradigm, covering customer services, security management, electromechanical device maintenance, cleaning and various service processes. These solutions

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are being widely applied across community, commercial and urban spaces under our management due to their flexibility and adaptability. We are actively engaging external clients for our BPaaS solutions with a view to achieving the ultimate goal of commercialization.

Top-Layer (Smart Coordination Layer): AI Solutions

The top layer of our technology system is in the process of internal build-up.

Our Research Team

We have an in-house team in charge of R&D and technology implementation, which comprised 464 employees as of March 31, 2022. During the Track Record Period, our R&D expenses amounted to RMB203.6 million, RMB249.5 million, RMB373.7 million and RMB105.2 million.

DATA PROTECTION AND PRIVACY

We have established the Data and Information Technology Center (數據與信息技術中心) for management of information and data security. In order to guarantee the full protection and handling of personal information we have collected, we have established a Personal Information Compliance Management Team (個人信息合規管理團隊) under the supervision of the Data Protection Officer (“DPO”). We have also established internal policies designed to regulate the process of and restrict internal data management and use, including but not limited to, Personal Information Protection Policy, Response Procedure for Personal Information Rights, Personal Information Incident Response Procedures, Facial Information Protection Compliance Guidelines, Personal Information Security Impact Assessment Procedures and Data Classification Policy, among others. In addition to the policies of personal information protection, we have also established comprehensive policies regulating risk and security management in respect of information security management, risk assessment, incident classification and management, audit and management, etc.

We collect, process and store significant amounts of data concerning our users, business partners and employees, including personal information involving our users, such as name, gender, date of birth, ID number, residential addresses, contact numbers, email addresses, vehicle numbers, users’ company names and company addresses, geographical location and facial information. As for our access control products and related services, we collect personal information of our users primarily through apps and mini-programs, in addition to collection through offline property management services. We collect personal information which is necessary for us to provide access control services, which generally include users’ names, room numbers, cellphone numbers, ID numbers, facial information, vehicle license plate numbers (applicable in smart parking only) and identities of employing entities (applicable in access control for commercial properties). We have formulated privacy policy for each of such online channels to explain to users how we will handle their personal information and their consent will be obtained before we collect any of their personal information. After collecting their personal information, we will store and process such data in accordance with our internal policies in respect of personal information protection and data securities.

BUSINESS

In providing AIoT solution services, we may collect different types of data depending on the smart equipment involved. The pedestrian access control equipment generally collects users' pass records, entry time and facial information (upon the consent of users), visitors' names, ID numbers, cellphone numbers and facial information (only applicable to couriers). The smart parking equipment generally collects users' pass records, entry time and vehicle license plate numbers. The environmental monitoring equipment generally collects different types of data related to the operation and maintenance of various types of equipment used in our services and real estate development, such as temperature and dust concentration of construction sites, pressure of pump house, etc. The smart facility management equipment generally collects operation data of different facilities primarily used in commercial properties and industrial parks for the purpose of controlling facilities such as elevators, lights, air-conditioners, etc. The BPaaS solutions services are supported by the AIoT system and generally utilize the data collected through the smart equipment as mentioned above.

We have formulated a customer data monitoring system. We conduct data security checks on a monthly basis and data management checks on a quarterly basis. The electronic data that falls out of the "customer information management authority list" will be deleted immediately. We have set up a specialized data security review team to conduct data security review annually, during which we review the compliance of our data security system with new laws and regulatory requirements. After the annual review, we prepare a data security report which includes review summary, analysis of potential data security risks and suggestions on measures to improve our data monitoring system and the report will be kept for at least three years. We will then carry out the suggested measures and preventive actions accordingly.

We protect trade secrets and confidential information by the following methods: (i) customer relationship management ("CRM") confidentiality plan; and (ii) customer information confidentiality plan. Regarding our CRM confidentiality plan, we enter into personal data and privacy protection agreements with our customers, in which we seek customers' consent in obtaining data such as their identity card number, property rights certificates and phone number for use in property service to verify their identities. In relation to our customer information confidentiality plan, we have designated a computer as the customer information storage computer and have set up one centralized share folder in it to only store customer data of our projects and only certain personnel with permission assigned can have access to the folder. Customer information is not allowed to be stored in any other folders. In addition, where customer's ID information is involved, such information has to be saved in subfolders for further protection purposes.

We have strictly monitored and managed our employees in handling customer information. We keep learning records of our employees to monitor their performance. In addition, each of our employees is required to report to their supervisors about any customer information management leakage in their daily work. More importantly, our employees are not allowed to print out customer information and the electronic version of customer information are set with passwords in which only project managers and worker in the customer service department can have access. If any of our employees are in breach of data security laws or uses customer information illegally, they may be reported to law enforcement and the relevant person in charge will also be subject to our internal disciplinary actions.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, we had not been involved in any material litigation or proceedings in relation to infringement of personal information protection and no material claim relating to personal information protection is pending or threatened against us. Our PRC Legal Advisor is of the view that we are in compliance with the applicable PRC laws and regulations currently in effect and published in relation to cybersecurity and data protection in all material respects.

OUR ACQUISITION OF YANGO INTELLIGENT

We completed the acquisition of Yango Intelligent on September 27, 2021 (the “**Yango Intelligent Acquisition**”), and its results of operations have been consolidated into ours since then. Accordingly, the historical results of operations in 2019 and 2020, and the financial condition as of December 31, 2019 and 2020 of our Group do not include those of Yango Intelligent. Operating metrics of our Group for a specified period or as of a specified date, as the case may be, that preceded the Yango Intelligent Acquisition do not include those of Yango Intelligent either. Since the Yango Intelligent Acquisition, Yango Intelligent contributed RMB659.2 million to the Group’s revenue, accounting for 2.8% of our total revenue in 2021. We believe the acquisition of Yango Intelligent is conducive to (i) deploying our “Onewo Town” model by expanding our market share in Eastern China, particularly in Fujian Province; (ii) achieving synergy from geographically complementary property services project portfolios; and (iii) expanding the market coverage of our value-added services.

EFFECTS OF THE COVID-19 PANDEMIC

Effects of the COVID-19 Pandemic on Our Business Operation

A global pandemic caused by COVID-19 broke out in January 2020 and has since impacted the global economy. In an effort to contain its spread, stringent measures, such as travel restrictions, mandatory quarantine requirements and social distancing measures have been imposed in the PRC and Hong Kong, which have adversely affected the macroeconomic conditions. Since early 2020 COVID-19 outbreaks in various regions of China have caused temporary disruptions to economic activities, epidemic control policies such as travel restrictions and mandatory quarantine measures across various cities, the extended shutdown of business operations, and the mandatory quarantine requirements on infected individuals and anyone deemed potentially infected, have been imposed by the PRC Government. In Hong Kong, COVID-19 outbreaks, in particular, the recent fifth wave of the virus since the beginning of 2022, have resulted in the implementation of strict social distancing measures that affected various businesses. The authorities have launched responsive measures, including introducing several rounds of anti-epidemic fund to relieve financial burdens of individuals and businesses and keep workers in employment. These efforts have played a meaningful role in mitigating the negative impact of the COVID-19 pandemic.

BUSINESS

From the financial perspective, we incurred additional costs for implementing enhanced hygiene, precautionary and other epidemic control measures, but at the same time benefited from the economic relief policies of the PRC and Hong Kong government authorities. For instance, from January 1, 2020 to June 30, 2022, we incurred aggregate costs for implementing enhanced hygiene and precautionary measures of approximately RMB46.7 million. In 2020 and the six months ended June 30, 2022, social insurance relief and government grants we received as a result of COVID-19 amounted to RMB432.8 million and RMB10.8 million, respectively. Our collection rates in connection with service fees of residential property services and property and facility management services remained relatively stable during the Track Record Period despite the COVID-19 headwinds. During the Track Record Period, our collection rate of residential property service fees was 94.4%, 93.7%, 94.7% and 94.7%, respectively, and our collection rate of property and facility management service fees was 95.2%, 97.0%, 96.9% and 97.0%, respectively. With varying levels of temporary restrictions and other measures reinstated in certain regions to contain the infections, our results of operations may be negatively affected. For example, in view of the recent emergence of the significantly more contagious Omicron variant in Shanghai, we expect the property and facility management service fee collection rate to decrease in 2022, primarily due to provisional work-from-home policies adopted by a large number of corporate and institutional clients and city-wide lockdowns in major cities, particularly in Shanghai. Loss of revenue from our property and facility management services in the six months ended June 30, 2022 was estimated to be approximately RMB44.2 million, of which approximately RMB20.1 million was attributable to the impact of the city-wide lockdown in Shanghai. During the Track Record Period and up to the Latest Practicable Date, certain workspaces and commercial premises in our property and facility management projects, as well as our *Pulin* stores in certain cities underwent temporary closure due to restrictive measures of the COVID-19 situation, which is uncertain, but our execution excellence and organizational speed helped us further gain customer trust in the residential and commercial spaces we serve. See “Summary — Effects of the COVID-19 Pandemic,” and “Risk Factors — Our business operations and financial performance have been and may continue to be affected by the outbreaks of COVID-19.” Moreover, during the Track Record Period, and up to the Latest Practicable Date, there has been no material adverse impact of COVID-19 pandemic on our other community value-added services and value-added services for developers, primarily because a substantial majority of the services and transactions involved therein generally do not rely on offline store operations, face-to-face communication and physical deliveries. During the Track Record Period, the financial performance of such business lines were affected by factors that were not related to COVID-19. In particular, the revenue and gross profit margin of our value-added services continued to increase during the Track Record Period, which were in line with our business expansion. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Revenue” and “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin.” We realized that customers across community, commercial and urban spaces have new engagement and service expectations after the outbreaks of COVID-19. Our strong brand recognition, ability to grow vertical skills to meet evolving customer needs and strength in remote operations are expected to further strengthen the customer relationship within the spaces we serve.

BUSINESS

Our Directors are of the view that the aforesaid effects on the results of operations and financial condition of our Group are temporary and manageable. We subsequently resumed normal business operations and the impact of the COVID-19 pandemic on our results in 2020 and 2021 was minimal.

Our Contingency Plan and Responses towards the COVID-19 Pandemic

The COVID-19 pandemic has been a great test of our crisis management capability. As an industry leader in the property management sector, we were selected as the property manager for the first emergency specialty field hospital, the Huoshenshan Hospital (火神山醫院), which was established by the PRC Government in response to the COVID-19 pandemic. We also compiled a handbook, *COVID-19 Recovery Guidelines for Buildings — China Practice* (樓宇復工指南-中國實踐), which provides practical insights on how property management firms of commercial properties in China dealt with the pandemic, including measures adopted to guarantee safe and speedy reopening of properties and workplaces.

In addition, we have implemented a contingency plan and adopted enhanced hygiene and precautionary measures across our managed properties to safeguard the wellbeing of our customers and employees, details of which are set forth as follows:

- establishing a Recovery Readiness Task Force (RRTF), leading all our subsidiaries in preparing and providing solutions for work resumption;
- coordinating mass efforts in PCR testing for COVID-19 at the community level during the outbreaks of COVID-19 in cities where we have an operation.
- providing personal hygiene training for our employees to improve their health awareness and establishing a mechanism concerning the reporting of suspicious infected cases;
- making multi-level contingency plans in connection with the handling of infected COVID-19 cases for our employees and customers;
- purchasing epidemic prevention materials such as facial masks, disinfectants, and gloves for our employees in prevention of any potential cases;
- regularly disinfecting and maintaining cleanliness of common areas of properties under our management; and
- assisting local government in supervising and providing delivery services to households under quarantine.

BUSINESS

From January 1, 2020 and up to June 30, 2022, we incurred aggregate costs for implementing these enhanced hygiene and precautionary measures of approximately RMB46.7 million.

Effects of the COVID-19 Pandemic on Our Business Strategies

In view of the ongoing social distancing measures imposed by governments to combat the COVID-19 pandemic, as well as the fundamental changes in how customers define excellence, we continue to make substantial investments in developing new services and technology solutions, which position us well in weathering these challenges and creating value for various stakeholders across community, commercial and urban spaces, including property owners, residents, tenants, our employees and government authorities. The agility and resilience we demonstrated during the COVID-19 headwinds explains how we managed to maintain strong growth momentum and leading position in individual markets where we operate.

SALES AND MARKETING

Residential Property Services

We have sales and marketing workforce to ensure effective top-down implementation of our business development strategies. Our operation management department in residential operation center is primarily responsible for formulating and executing our overall marketing strategies, conducting marketing research and supporting our regional branches with training programs. In addition, our regional sales and marketing teams for residential property services are also responsible for sourcing potential market opportunities, propelling corporation, and conducting research of potential markets, negotiating and participating in tenders to obtain new contracts with third-party property developers, maintaining and strengthening our relationships with existing customers.

Property and Facility Management Services

Our sales and marketing team for property and facility management services is primarily responsible for (i) negotiating with potential clients, and maintaining and strengthening our relationships with existing clients; (ii) formulating and executing marketing strategies based on the specific needs of clients in different regions; and (iii) cooperating with other functional departments of our Group in customizing service and fee plans to meet each individual client's expectations.

BUSINESS

Urban Space Integrated Services

Our sales and marketing team for urban space integrated services is primarily responsible for the development and execution of our overall marketing strategy for urban space integrated services, maintaining our relationship with various local government authorities across China, organizing and conducting research of urban development and innovative public administration models in relation to urban space, carrying out market research in relation to government policies and regulations, and exploring and following-up on tender opportunities. In addition, our sales and marketing team for urban space integrated services is also in charge of making and implementing practicable schemes for our clients.

CUSTOMERS

We have a large, growing and loyal customer base primarily consisting of property owners, residents, property developers and government agencies. During the Track Record Period, there was no significant difference in credit terms and other business terms granted to China Vanke Group and its joint ventures or associated companies and independent third parties. The following table sets forth the types of our major customers for each of our three segments.

Segments	Major customers
Community space living consumption services	property owners, property owners' associations, residents and property developers
Commercial and urban space integrated services	property developers, property owners, tenants, occupiers of various types of working environments, and government agencies
AIoT and BPaaS solution services	corporate clients, property developers, and property owners

During the Track Record Period, revenue from sales to our five largest customers amounted to RMB2,161.7 million, RMB3,748.4 million, RMB4,718.0 million and RMB1,330.2 million, respectively, which accounted for approximately 15.5%, 20.7%, 19.9% and 19.4%, respectively, of our total revenue. During the Track Record Period, revenue from sales to our single largest customer, China Vanke Group amounted to RMB1,770.0 million, RMB2,798.7 million, RMB3,820.5 million and RMB899.9 million, respectively, which accounted for approximately 12.7%, 15.4%, 16.1% and 13.1%, respectively, of our total revenue. See “Connected Transactions.” We have established ongoing business relationships and cooperation with our largest customer, China Vanke Group, for nearly three decades. The credit periods granted to our five largest customers during the Track Record Period ranged from 30 to 180 days. We accept payments through bank transfers.

BUSINESS

The following tables set out certain details of our five largest customers for the Track Record Period:

Three months ended March 31, 2022

Rank	Customer	Customer Type	Length of business relationship with us (Year)	Products/services provided by us	Revenue (RMB in thousands)	Percentage of total revenue (%)	Relationship with us
1.	China Vanke Group	Real estate company	28	Property and facility management services; residential property services; urban space integrated services; other community value-added services	899,931	13.1	Related Party
2.	Customer F	Property and facility management service provider	22	Property and facility management services; Residential property services; home-related asset services; other community value-added services	248,606	3.6	Independent Third Party
3.	Customer A	Technology company	7	Property and facility management services	96,235	1.4	Independent Third Party
4.	Customer C	Technological and platform operation company	7	Property and facility management services	44,580	0.7	Independent Third Party
5.	Customer B	Technology company	6	Property and facility management services	40,864	0.6	Independent Third Party
					<u>1,330,216</u>	<u>19.4</u>	

Notes:

- (1) Customer A: a non-listed company headquartered in Shenzhen providing information communications technology (ICT) infrastructure and smart devices in over 170 countries and regions, which is also ranked on the Fortune Global 500 list.
- (2) Customer B: an Internet and technology company dual-listed in U.S. and Hong Kong stock markets, headquartered in Shenzhen, offering a wide range of services including cloud computing, advertising, FinTech, and other enterprise services to support clients' digital transformation and businesses.
- (3) Customer C: a technology company dual-listed in U.S. and Hong Kong stock market, headquartered in Hangzhou and specialized in e-commerce, retail, Internet, and technology.
- (4) Customer F: a company listed on Shenzhen Stock Exchange and headquartered in Shanghai, concentrating on the provision of services such as real estate development, property management and urban space services.

BUSINESS

2021

Rank	Customer	Customer Type	Length of business relationship with us (Year)	Products/services provided by us	Revenue (RMB in thousands)	Percentage of total revenue (%)	Relationship with us
1.	China Vanke Group	Real estate company	28	Property and facility management services; residential property services; urban space integrated services; other community value-added services	3,820,494	16.1	Related Party
2.	Customer A	Technology company	7	Property and facility management services	397,124	1.7	Independent Third Party
3.	Customer F	Property and facility management service provider	22	Property and facility management services; residential property services; home-related asset services; other community value-added services	199,186	0.8	Independent Third Party
4.	Customer C	Technological and platform operation company	7	Property and facility management services	153,381	0.7	Independent Third Party
5.	Customer B	Technology company	6	Property and facility management services	147,853	0.6	Independent Third Party
					<u>4,718,038</u>	<u>19.9</u>	

BUSINESS

2020

Rank	Customer	Customer Type	Length of business relationship with us (Year)	Products/services provided by us	Revenue (RMB in thousands)	Percentage of total revenue (%)	Relationship with us
1.	China Vanke Group	Real estate company	28	Property and facility services; residential property services; urban space integrated services; other community value-added services	2,798,713	15.4	Related Party
2.	Customer A	Technology company	7	Property and facility services	580,910	3.2	Independent Third Party
3.	Customer B	Technology company	6	Property and facility services	130,780	0.7	Independent Third Party
4.	Customer D	Commercial services company	6	Property and facility services	121,221	0.7	Independent Third Party
5.	Customer C	Technological and platform operation company	7	Property and facility services	116,778	0.6	Independent Third Party
					<u>3,748,402</u>	<u>20.7</u>	

Note:

- (1) Customer D: a non-listed company headquartered in Beijing, concentrating on the provision of asset management services such as investment management, investment consultation and corporate consultation.

BUSINESS

2019

Rank	Customer	Customer Type	Length of business relationship with us (Year)	Products/services provided by us	Revenue (RMB in thousands)	Percentage of total revenue (%)	Relationship with us
1.	China Vanke Group	Real estate company	28	Property and facility services; residential property services; urban space integrated services; other community value-added services	1,770,004	12.7	Related Party
2.	Customer B	Technology company	6	Property and facility services	136,501	1.0	Independent Third Party
3.	Customer C	Technological and platform operation company	7	Property and facility services	111,965	0.8	Independent Third Party
4.	Customer A	Technology company	7	Property and facility services	72,381	0.5	Independent Third Party
5.	Customer E	Advertising company	8	Other community value-added services	70,887	0.5	Independent Third Party
					<u>2,161,739</u>	<u>15.5</u>	

Note:

- (1) Customer E: a company listed on Shenzhen Stock Exchange and headquartered in Shanghai, which is also one of the largest offline advertising solution providers and one of the largest elevator and cinema media groups in China.

As of the Latest Practicable Date, save for disclosed above, 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 any of our five largest customers (other than the China Vanke Group).

BUSINESS

SUPPLIERS

We have a large and stable supplier base primarily consisting of energy service, security, elevator maintenance, cleaning, and information technology services suppliers. The following table sets forth the types of our major suppliers for our three segments.

Segments	Major suppliers
Community space living consumption services	energy service, security, elevator maintenance, cleaning, and information technology services suppliers
Commercial and urban space integrated services	energy service, security, elevator maintenance, cleaning, and information technology services suppliers
AIoT and BPaaS solution services	suppliers of basic information technology consumables and equipment, software developers and recruitment service providers

During the Track Record Period, purchases from our five largest suppliers amounted to RMB259.8 million, RMB3,364.7 million, RMB4,177.7 million and RMB1,255.0 million, respectively, which accounted for approximately 5.6%, 44.6%, 38.0% and 36.7%, respectively, of our total purchases. During the Track Record Period, purchases from our single largest supplier amounted to RMB97.9 million, RMB2,993.2 million, RMB3,699.9 million and RMB1,087.3 million, respectively, which accounted for approximately 2.1%, 39.7%, 33.7% and 31.8%, respectively, of our total purchases.

The following tables set out details of our five largest suppliers for the Track Record Period:

Three months ended March 31, 2022

Rank	Supplier	Supplier Type	Length of business relationship with us (Year)	Products/services provided by suppliers	Revenue (RMB in thousands)	Percentage of total purchase (%)	Relationship with us
1.	Wanyu	Security service provider	3	Security outsourcing, electromechanical maintenance outsourcing	1,087,314	31.8	Related Party
2.	Supplier A	Elevator manufacturer	10	Elevator maintenance outsourcing	73,338	2.1	Independent Third Party
3.	Supplier B	Elevator manufacturer	7	Elevator maintenance outsourcing	41,810	1.2	Independent Third Party
4.	Supplier E	Cleaning service provider	8	Cleaning services outsourcing	26,596	0.8	Independent Third Party
5.	Supplier F	Security service provider	0.5	Security outsourcing	25,910	0.8	Independent Third Party
					<u>1,254,968</u>	<u>36.7</u>	

BUSINESS

Notes:

- (1) Supplier A: a non-listed elevator manufacturing company headquartered in Guangzhou concentrating on the provision of sustainable products and service solutions for the development of cities and buildings. It is also ranked among the Top 500 foreign-invested enterprises in China.
- (2) Supplier B: a leading provider of elevators and escalators which is listed on the Nasdaq Helsinki Ltd. in Finland.
- (3) Supplier E: a non-listed company based in Beijing concentrating on provision of services such as cleaning services, garbage disposal and sanitation.
- (4) Supplier F: a non-listed company headquartered in Fuzhou, Fujian Province, concentrating on the provision of security services.

2021

Rank	Supplier	Supplier Type	Length of business relationship with us (Year)	Products/services provided by suppliers	Purchase amount (RMB in thousands)	Percentage of total purchase (%)	Relationship with us
1.	Wanyu	Security service provider	3	Security outsourcing, electromechanical maintenance outsourcing	3,699,928	33.7	Related Party
2.	Supplier A	Elevator manufacturer	10	Elevator maintenance outsourcing	199,898	1.8	Independent Third Party
3.	Supplier B	Elevator manufacturer	7	Elevator maintenance outsourcing	109,055	1.0	Independent Third Party
4.	China Vanke Group	Real estate company	28	Information technology/ rental/financial outsourcing	92,100	0.8	Related Party
5.	Supplier E	Cleaning service provider	8	Cleaning services outsourcing	76,737	0.7	Independent Third Party
					<u>4,177,719</u>	<u>38.0</u>	

BUSINESS

2020

Rank	Supplier	Supplier Type	Length of business relationship with us (Year)	Products/services provided by suppliers	Purchase amount (RMB in thousands)	Percentage of total purchase (%)	Relationship with us
1.	Wanyu	Security service provider	3	Security outsourcing, electromechanical maintenance outsourcing	2,993,171	39.7	Related Party
2.	Supplier A	Elevator manufacturer	10	Elevator maintenance outsourcing	108,327	1.4	Independent Third Party
3.	China Vanke Group	Real estate company	28	Information technology/ rental/financial outsourcing	100,423	1.3	Related Party
4.	Supplier D	E-commerce platform	4	Maintenance and material consumption	100,217	1.3	Independent Third Party
5.	Supplier B	Elevator manufacturer	7	Elevator maintenance outsourcing	62,557	0.8	Independent Third Party
					<u>3,364,694</u>	<u>44.6</u>	

Note:

- (1) Supplier D: a Chinese e-commerce company, a subsidiary of a company dual-listed in U.S. and Hong Kong stock markets and headquartered in Beijing.

2019

Rank	Supplier	Supplier Type	Length of business relationship with us (Year)	Products/services provided by suppliers	Purchase amount (RMB in thousands)	Percentage of total purchase (%)	Relationship with us
1.	Supplier A	Elevator manufacturer	10	Elevator maintenance outsourcing	97,870	2.1	Independent Third Party
2.	Supplier B	Elevator manufacturer	7	Elevator maintenance outsourcing	45,499	1.0	Independent Third Party
3.	Supplier C	Insurance company	6	Business insurance premium	40,143	0.9	Independent Third Party
4.	China Vanke Group	Real estate company	28	Information technology/ rental/financial outsourcing	39,166	0.8	Related Party
5.	Supplier D	E-commerce platform	4	Maintenance and material consumption	37,165	0.8	Independent Third Party
					<u>259,842</u>	<u>5.6</u>	

BUSINESS

Note:

- (1) Supplier C: an insurance company dually-listed on Hong Kong Stock Exchange and Shanghai Stock Exchange and headquartered in Beijing.

During the Track Record Period, we did not experience any material delay, supply shortages or disruptions in our operations relating to our suppliers, or any material product claims attributable to our suppliers. As of the Latest Practicable Date, save for disclosed above, 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 any of our five largest suppliers (other than the China Vanke Group). We do not have any long-term agreements with our top five suppliers. We typically enter into one-year agreements with our suppliers and renew them after negotiations. Payments to suppliers are typically settled by month via bank transfers.

SUBCONTRACTING

We outsource certain labor-intensive services and specialized services, primarily including cleaning, greening and gardening, and repair and maintenance services, to subcontractors, which enables us to improve service quality, reduce our operating and labor costs and dedicate more resources to management and other value-added services. We believe such subcontracting arrangements allow us to leverage the human resources and technical expertise of the subcontractors, and enhance the overall profitability of our operations. As of March 31, 2022, we engaged over 9,000 third-party subcontractors. During the Track Record Period, subcontracting costs amounted to RMB2,455.4 million, RMB6,732.5 million, RMB8,512.2 million and RMB2,666.0 million, respectively, which accounted for approximately 21.4%, 45.5%, 43.3% and 45.5%, respectively, of our total cost of sales for the same years. In 2019, 2020, 2021 and the three months ended March 31, 2022, the subcontracting costs for the five largest subcontractors were RMB234.0 million, RMB3,261.4 million, RMB4,145.1 million and RMB1,255.0 million, respectively, representing 9.5%, 48.4%, 48.7% and 47.1% of the total subcontracting costs during the same period. During the Track Record Period, none of the five largest subcontractors is related to China Vanke Group. In addition, our Directors confirm that, as of the Latest Practicable Date, we were not involved in any material disputes with our subcontractors.

As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owned more than 5% of our share capital had any interest in any of our five largest subcontractors.

Internal Control Mechanisms for the Subcontractors

We aim to create and maintain an effective and comprehensive system for subcontractor management. In particular, we have established a series of internal control mechanisms for the management and supervision of our subcontractors, which have been continuously improved with the development of our business. Our internal control measures for subcontractors mainly include the following aspects:

- ***Selection.*** We usually formulate our selection criteria for subcontracting candidates on a case by case basis, taking into consideration the specific requirements for each project or task involved. For each subcontracting project, we will strictly follow the established criteria and ensure the selection procedure to be conducted in a fair and efficient manner. In addition, to ensure the overall quality of our subcontractors, we maintain a list of subcontractors based on our series of assessment standards, including, among others, the amount of registered capital, years of incorporation, size of overall operations, industry credentials and past cooperation with us. In particular, if a candidate has past cooperation with us, we will review their previous performance record when considering future engagement with them.
- ***Performance review.*** We constantly monitor and evaluate the subcontractors on their ability to meet our requirements. We have established supervision mechanisms towards subcontractors mainly by (i) implementing quality control standards or guidelines for different kinds of subcontracting services and conducting review of the subcontractors' performance and assign grade to them on a regular basis, (ii) carrying out announced and unannounced inspections to ensure the subcontractors' compliance with the terms in the subcontracting agreement, and (iii) tracking the subcontractors' performance and keep such records through our record keeping mechanisms for us to evaluate their overall performance.
- ***Detailed guidelines for specific services.*** We have established detailed guidelines for certain specific services that require close monitoring and control. We have implemented specific mechanisms to manage and control the greening services, in particular, pest control related services provided by subcontractors, for instance, (i) we will check/inspect the disinfectant and sterilization products, including pesticide purchased by the subcontractors every two weeks, (ii) the subcontractors should submit their monthly disinfectant and sterilization plan for our review, and (iii) we will monitor the whole process of the subcontractors' use of the disinfectant and sterilization products through CCTV cameras.

Key Terms of Our Subcontracting Agreement

A typical subcontracting agreement entered into between subcontractors and us generally includes the following key terms:

- *Term.* The subcontracting agreements we enter into with subcontractors usually have a term ranging from one to two years.
- *Our responsibilities.* We are responsible for providing the subcontractors with necessary working space, facilities and relevant files and information, as well as cooperating with them in the course of their work. We are also responsible for supervising their work and informing them timely where complaints have been received.
- *Obligations of the subcontractor.* Subcontractors are responsible for obtaining all licenses, permits and certificates necessary for conducting their business operations. Subcontractors are also responsible for providing services in accordance with the scope, frequency and standards agreed in the subcontracting agreement while complying with relevant laws and regulations.
- *Risk allocation.* Subcontractors are required to manage their employees themselves and are required to pay for their social security and housing provident fund fees in accordance with relevant laws and regulations. In addition, subcontractors are responsible for any safety accidents, personal injury incidents or economic losses caused by them in the course of provision of service.
- *Subcontracting fee.* Subcontracting fees are usually paid on a monthly basis. Subcontracting fees include costs of raw materials, labor costs, equipment costs, taxes and other miscellaneous expenses.
- *Confidentiality.* We and the subcontractors are not allowed to disclose the content of the agreement to any third parties, unless permitted under applicable laws, regulations and legal procedures. The confidentiality clause survives the termination of the agreement.
- *Anti-bribery.* We and our employees are forbidden from offering and receiving any rebates, cash or any other valuable items as bribes from subcontractors, and subcontractors are also forbidden from offering or receiving such bribes.
- *Termination.* The agreement is generally terminated upon the expiration of term. We are only allowed to terminate the agreement in advance under certain circumstances as stipulated in the agreement, such as where the subcontractor provides sub-standard performances and breaches provisions in the agreement regarding anti-bribery.

During the Track Record Period, the key terms and pricing of subcontracting agreements with the China Vanke Group are comparable with Independent Third Party subcontractors and were entered into at arm's length.

QUALITY CONTROL

We believe quality control is crucial to the long-term success of our business. We have a professional quality control team which primarily focuses on maintaining service standards, standardizing service procedures and supervising service quality throughout our operational processes.

Quality Control over Property Services

To ensure the effective and consistent delivery of our high-quality services, we have established various procedures and systems to monitor and maintain the quality of our services. We adopt ISO9001:2015 quality management system in rendering our property services, and first obtained the relevant certification in 2012. We also obtained ISO14001:2015 environmental management certificate, ISO/IEC 27001:2013 information security management system certificate, ISO 45001:2018 occupational health and safety management system certificate in recognition of our service quality. In addition, we maintain regular and close supervision of our service quality through a four-level quality control supervision system, details of which are set forth as follows:

- **Headquarters level.** Headquarters level is responsible for establishing standards of service quality and designing appropriate evaluation tools to identify quality control defects.
- **Regional business operation level.** Regional business operation level is responsible for (i) formulating quality control supervision plans targeting managed properties within the region; (ii) providing guidance on rectification measures with respect to identified quality control defects; and (iii) promoting quality control best practices.
- **Regional management level.** Regional management level is responsible for: (i) quality inspections in managed properties; and (ii) overseeing the implementation of rectification measures with respect to identified quality control defects.
- **Project level.** Project level is responsible for: (i) regular self-inspections and overseeing the service quality of subcontractors; and (ii) implementing rectification measures with respect to identified quality control defects.

Quality Control over Subcontractors

We typically include in the agreements with sub-contractors detailed quality standards for the services to be provided. We regularly monitor and evaluate the performance of the sub-contractors and may require the sub-contractors to take necessary rectification measures when their services do not meet the agreed standards. We typically have the contractual right to adjust the subcontracting fees or terminate the contract if subcontractors fail to meet the quality standards required in the agreements.

Quality Control over Third-party Vendors

We implement various measures and policies to ensure the quality of the products and services offered by third-party vendors. We require that third-party vendors meet certain quality standards for the services or products to be provided. We also conduct assessment on our vendors in respect of their compliance with our quality standards and will order third-party vendors to take necessary rectification measures in the event that they are found to be in breach with our quality control protocol. We have the right to terminate the cooperation agreements with the third-party vendors if our brand image is adversely impacted due to the quality defects of their products and services.

Feedback and Complaint Management

During the ordinary course of our business, we receive feedback, suggestions and complaints from customers from time to time regarding our services. We have established internal procedures to record, process and respond to the feedback, suggestions and complaints and conduct follow-up reviews of the results of our responses. To ensure the fairness and transparency of our work, our headquarters-level supervisory department directly deals with complaints involving fraud, dereliction of duty, or violation of laws and regulations. For other complaints, we maintain a four-level response mechanism under which requests or complaints are classified into four levels by severity and handled by the corresponding responsible offices. We require that all requests and complaints from our customers be addressed and resolved within a prescribed timeline. Requests and complaints not being promptly dealt with will be escalated in our mechanism and ultimately addressed. In addition, in order to provide better customer experience and enhance our customer service, we have established a service hotline and email address, through which customers could inquire about our services and provide us with their complaints and feedback.

During the Track Record Period, we did not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

INTELLECTUAL PROPERTIES

We consider 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 obtained 773 registered trademarks and had registered 29 domain names in the PRC. We also had 54 patents, and 214 software copyrights as of the same date.

Protection of our Intellectual Properties

We have established and implemented comprehensive mechanisms in protecting our intellectual property rights, including principles and general standards, as well as detailed guidelines for the protection of different categories of the intellectual property rights we have, which primarily covers the following aspects:

- **Trademarks:** we have established *Trademark Management Guidelines* for all departments' implementation, covering the procedures from the design, application, registration, maintenance and mechanisms for defense of the trademarks. In particular, before filing for trademark applications, the relevant department should submit trademark application proposals to our legal department for review. Our legal department will conduct search to make sure no previous registration and trademark right has been established on the relevant classes for such proposed trademarks. With the expansion of our business, we will apply for registration under new classes to obtain additional protection scope for our trademarks or register newly designed trademarks if necessary. In addition, we also strategically file applications on classes not directly related to its business for certain trademarks to obtain “defensive trademarks” (防禦商標) for the purpose of preventing others from using our distinctive trademarks for other goods or services in the future.
- **Patent:** each business department shall be responsible for the patent management and protection of its own department, in charge of the patent application, registration, use, maintenance and record keeping procedures. In particular, we have implemented different mechanisms, including but not limited to contract arrangement, reporting system, and internal filing procedures for the protection of our patent rights under various scenarios, such as employee inventions, collaborative development with third parties, licensing, and patent transfer.
- **Software Copyright:** we have established a series of standards and guidelines in relation to the management of registration, protection, licensing and transferring of our software copyright. For example, we require clear stipulations in the contract regarding the ownership of copyright of the co-developed software with external parties. Our employees shall not infringe others' software copyright when performing their duties.

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

Assertion and Negative News in relation to our Intellectual Properties

We may be subject to claims from competitors or third parties alleging intellectual property infringement in our ordinary course business from time to time. See “Risk Factors — Third parties may assert or claim that we have infringed their intellectual property rights, which may disrupt and affect our business.” To manage such risks, we have implemented precaution mechanisms, for example, we require our employees to report immediately to us upon notice of any infringement and allegation in relation to our intellectual properties and they should collect and protect available evidence in relation to such incidents.

During the Track Record Period and up to the Latest Practicable Date, we mainly encountered the following assertions and negative news in relation to our intellectual properties:

Alleged “CWVS” and “Pulin” Trademarks Infringements

In May, 2022, we became aware of the following two allegations:

- one complainant alleged that it is the owner of ten trademarks of “萬物梁行”, among which, seven are registered under Class 16, Class 25, Class 37, Class 38, Class 39, Class 42 and Class 43 and two are publicly announced under Class 35 and Class 41, and one is upon preliminary review under Class 9 (“**CWVS trademarks alleged to be owned by the complainant**”), and it alleged that the Group’s use of the trademarks of “萬物梁行” may infringe its intellectual property rights.
- another complainant alleged that it is the owner of twelve registered trademarks of “樸鄰” under Class 9, Class 16, Class 25, Class 29, Class 30, Class 37, Class 38, Class 39, Class 40, Class 42, Class 44 and Class 45 (each a “**Pulin trademarks alleged to be owned by the complainant**”), and the Group’s use of the trademark “樸鄰” may infringe upon its intellectual property rights.

Our Measures

As of the date of receiving such allegations, we have registered and maintained registered trademarks of “萬物梁行” and “樸鄰” under various trademark classes, including the “萬物梁行” trademark under Class 36 (the “**CWVS Core Trademark**”) and the “樸鄰” trademark under Class 36 (the “**Pulin Core Trademark**”), covering principal business provided by our *Cushman & Wakefield Vanke Services* brand (property and facility management) and *Pulin* brand (home sale and rental brokerage), respectively. In addition, to our best knowledge after

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due and careful enquiry, the Group has not been informed of any application filed by any third party for cancellation/invalidation in relation to our CWVS Core Trademark and Pulin Core Trademark, and the Group has not been informed of any decisions made by the Trademark Office of China National Intellectual Property Administration (the “**Trademark Office**”) on cancellation/invalidation of our CWVS Core Trademark and Pulin Core Trademark.

Based on the record published by the Trademark Office (the “**Trademark Public Record**”), we also noticed that our CWVS Core Trademark and Pulin Core Trademark were both registered prior to the registration of all the CWVS and Pulin Trademarks alleged to be owned by the complainants.

In addition, we conducted internal reviews and confirmed based on our internal record that we have filed notices of objection against certain Pulin trademarks alleged to be owned by the complainant in June, 2021, to the Trademark Office, in our previous course of trademark maintenance, as a result of which, seven of these trademarks were under invalidation review by the Trademark Office as of the date of receiving such allegations and such seven trademarks had been invalidated by the Trademark Office as of the Latest Practicable Date. To prevent potential trademark infringement from such complainants and protect our trademark rights, we filed notices of objection to all the CWVS trademarks alleged to be owned by the complainant in June, 2022, as a result of which, all of such trademarks were “under review of request for cancellation/invalidation (撤銷/無效宣告申請審查中)” by the Trademark Office as of the Latest Practicable Date.

PRC Legal Advisor’s view

Taking into consideration that (i) under the PRC law, any application of trademark registration shall not conflict with any “legal rights previously established (在先權利)”, (ii) the Group has registered and successfully obtained the licenses for CWVS Core Trademark and Pulin Core Trademark under Class 36, with protection scopes sufficient to cover the principal business of the Group’s *Cushman & Wakefield Vanke Service* brand (property and facility management) and *Pulin* brand (home sale and rental brokerage) respectively, (iii) the Pulin Core Trademark and CWVS Core Trademark were registered prior to the registration of all the CWVS trademarks and Pulin trademarks alleged to be owned by the complainants, (iv) none of the CWVS and Pulin trademarks alleged to be owned by the complainants were registered on identical or similar services of “real estate management”, or “real estate brokerage”, and (v) all of CWVS trademarks and the majority of Pulin trademarks alleged to be owned by the complainants were “under review of request for cancellation/invalidation (撤銷/無效宣告申請審查中)” by the Trademark Office as of the Latest Practicable Date. The PRC Legal Advisor is of the view that the CWVS trademarks and Pulin trademarks alleged to be owned by the complainants do not conflict with the Group’s exclusive right to use the CWVS Core Trademark and the Pulin Core Trademark in their registered scopes, the subsequent registrations of the CWVS and Pulin trademarks by the complainants are not expected to preclude the lawful use of the registered trademark of CWVS Core Trademark in the property and facility management services and the Group’s Pulin Core Trademark in home sale and rental brokerage services.

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Corresponding impact

To our best knowledge after due and careful enquiry, as of the Latest Practicable Date, no legal or regulatory actions in connection with the above allegations had been taken against the Group. In addition, the above allegations did not have a material adverse impact on the Group's operations and financial position during the Track Record Period and up to the Latest Practicable Date.

Negative news in relation to our “萬物雲” trademarks

In May, 2022, a news article was published online asserted that the Group failed to register its “萬物雲” trademark under technology-related classes, therefore the Group did not have trademarks protection for its technology-related business.

However, we are of the view that such news article is inaccurate, especially because in operating our technology-related business, instead of using “萬物雲” trademarks, we mainly use our registered trademarks of “睿訪客”, “萬睿黑貓” and “萬睿科技”. The PRC Legal Advisor confirms that the Group's use of “睿訪客”, “萬睿黑貓” and “萬睿科技” trademarks is protected by their registered scope.

In addition, “萬物雲” is mainly used for the Company's Chinese name rather than a trademark for a particular business line. The Company's Chinese name has been duly registered in China without experiencing any objection from the regulatory authorities and other stakeholders and as of the Latest Practicable Date, to our best knowledge after due and careful enquiry, there was no dispute in relation to the trademark of “萬物雲” owned by the Group. As advised by the PRC Legal Advisor, considering (i) no declaration of trademark invalidation had been made against the Group's registered trademarks of “萬物雲” as of the Latest Practicable Date, and (ii) the Company's Chinese name has been registered with the competent authority, the above incident is not expected to preclude the lawful use of registered trademarks of “萬物雲” in the registered areas and for the Chinese name of the Company.

To our best knowledge after due and careful enquiry, as of the Latest Practicable Date, no legal or regulatory actions in connection with the above negative news had been taken against the Group. In addition, the above incident did not have a material adverse impact on the Group's operations and financial position during the Track Record Period and up to the Latest Practicable Date.

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AWARDS

The following table sets forth a selection of the notable awards and accreditations we received during the periods indicated.

Awarding Year	Award/Recognition	Awarding Entity
2022	Bronze Medal Winner in Image Matching Challenge of Conference on Computer Vision and Pattern Recognition 2022	Institute of Electrical and Electronics Engineers
2022	Binhai Cloud Center – LEED Platinum for Existing Buildings – LEED v4.1 Building Operations & Maintenance	U.S. Green Building Council
2022	Binhai Cloud Center – WELL Platinum	WELL Building Institute
2022	Shen International Qianhai E-Metro – Core and Shell Development	U.S. Green Building Council
2022	Changchun Hai Rong Plaza Tower B – LEED Gold for Pre-Accreditation – Operations & Maintenance	U.S. Green Building Council
2022	Changchun High & New Hairong Plaza Tower B – WELL HSR Accreditation	WELL Building Institute
2022	Shanghai Uni-City – LEED V.4.1 Gold Pre-Accreditation	U.S. Green Building Council
2022	Ranking 1st of “Top 100 Property Services Management Enterprises”	Leju.com (樂居財經) & China Consumer News (中國消費者報)
2022	5 residential properties under our management awarded for “National Top 100 Classic Cases” in “Better Property Management, Better Community”	MOHURD
2021	Shanghai Nanxiang Incity Mega – Commercial Property of the Year 2021 – Winner (上海南翔印象城Mega – 2021年度商業地產項目 – 冠軍)	RICS
2021	Tencent Binhai Building Property Service Center – Sustainability Achievement of the Year 2021 – Excellence (騰訊濱海大廈物業服務中心 – 2021年度可持續發展成就 – 優秀獎)	RICS
2021	The Facility Management Team, Tencent Binhai Building Property Service Center – Facility Management Team of the Year 2021 – Excellence (騰訊濱海大廈物業服務中心設施管理團隊 – 年度設施管理團隊 – 優秀獎)	RICS

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Awarding Year	Award/Recognition	Awarding Entity
2021	Alipay-S Space Facility Management Team – Facility Management Team of the Year 2021 – Excellence (支付寶大廈S空間設施管理團隊 – 2021年度設施管理團隊 – 優秀獎)	RICS
2021	Shanghai Nanxiang Incity Mega – LEED Platinum for Existing Buildings – Operations & Maintenance	U.S. Green Building Council
2021	Shenzhen Energy Mansion – LEED Platinum for Existing Buildings – Operations & Maintenance	U.S. Green Building Council
2021	First among top 10 companies for prestigious property services (高端物業服務力TOP10企業)	Shanghai Yiju Real Estate Research Institute (上海易居房地產研究院); Kerwg Property Services (克而瑞物管)
2021	First among the top 10 companies for city services (城市服務TOP10企業)	Shanghai Yiju Real Estate Research Institute (上海易居房地產研究院); Kerwg Property Services (克而瑞物管)
2021	First among the top 20 companies for office space property services (辦公物業服務力TOP20企業)	Shanghai Yiju Real Estate Research Institute (上海易居房地產研究院); Kerwg Property Services (克而瑞物管)
2021	First among the top 100 companies for property services (物業服務力百強企業)	Shanghai Yiju Real Estate Research Institute (上海易居房地產研究院); Kerwg Property Services (克而瑞物管)
2020	Phoenix Center – LEED Platinum for Existing Buildings – Operations & Maintenance	U.S. Green Building Council
2020	Tencent Binhan Building – LEED Gold for Existing Buildings – Operations & Maintenance	U.S. Green Building Council
2020	Winner of the 10th Guangdong Governor Cup Industrial Design Competition (廣東省第十屆“省長杯”工業設計大賽優勝獎)	Organizing Committee Office of the 10th Guangdong Governor Cup Industrial Design Competition • New IT Special Competition (廣東省第十屆“省長杯”工業設計大賽 • 新一代信息技術類專項賽組委會)
2020	Prize of Best Community Value of Guangdong Governor Cup Industrial Design Competition (廣東省第十屆“省長杯”工業設計大賽最佳社會價值獎)	Organizing Committee Office of the 10th Guangdong Governor Cup Industrial Design Competition • New IT Special Competition (廣東省第十屆“省長杯”工業設計大賽 • 新一代信息技術類專項賽組委會)

COMPETITION

According to Frost & Sullivan, the community space living consumption services market is fragmented and competitive, with approximately 500,000 service providers operating in the industry in 2020, in which the top five service providers contributed to around 2.19% of the total revenue of the community space living consumption services market in China. The intense competition in the community space living consumption services market is attributable to key drivers including the increase of urban population and per capita disposable income and the rapid development of first-tier, new first-tier and second-tier cities. Leading community space living consumption service providers are actively expanding their scope of services and incorporating advanced technologies into their operations to maintain their competitive edge.

According to Frost & Sullivan, the commercial and urban space integrated services market is also fragmented. Amongst the 650,000 commercial and urban space integrated service providers in China, the top five commercial and urban space integrated service providers contributed approximately 0.69% of the total revenue of the commercial and urban space integrated services market in 2020. Driven by growth drivers such as progression of urbanization and development of economic regions and stable development of commercial space, it is expected that the intense competition in the commercial and urban space integrated services market will continue in the future.

Regarding the intelligent city tech services market, according to Frost & Sullivan, the market is growing rapidly with over 1,500 service providers in China. The development of urbanization, the empowerment of innovative technologies and the policy support from the government have facilitated the development of the technology services market.

In respect of the community space living consumption services market, we ranked first in terms of revenue amongst the residential community service providers in China in 2020. In relation to the commercial and urban space integrated services market, we ranked first in terms of revenue amongst commercial and urban space integrated service providers in China in 2020. In 2020, we accounted for 1.3% of the intelligent city tech services market in terms of revenue.

For more information on the industry and the markets that we operate in, see “Industry Overview” and “Risk Factors — Risks Relating to Our Business and Industry — We are in a competitive business with various competitors and if we do not compete successfully against existing and new competitors, our business, financial condition, results of operations and prospects may be materially and adversely affected.”

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Upholding our value of promoting collaborative development, we have adopted following measures to ensure proper management of environmental protection, carbon neutrality, social responsibility and corporate governance.

The Growth of Front Line Service Providers in the Era of Artificial Intelligence

The increased application of AI technology has significantly promoted people's working efficiency, but created challenges to sustainable development of many front line positions in service industry, such as security workers. In observation of this trend, we established profit-generating positions like service coordinators and brokers, to encourage and assist front line service providers to develop comprehensive skill sets. Since 2011, we have provided financial support to a total of 1,720 colleagues as they pursued their advanced degree programs. We have further upgraded this program to the "Thousand- Talents Plan (千人計劃)", in which 1,000 colleagues are expected to be benefited from it each year.

Occupational Safety in Spaces Under Our Management

We have established comprehensive internal policies, training programs on continuous working safety and standard business procedures, to provide our staff and cooperating parties with effective protection against occupational risks and safety hazard. Through extensive training in CPR skills and in the use of AED, as well as the gradual deployment of AED facilities, we have further ensured safety of our staff and people in spaces under our management in case of emergency. As of the Latest Practicable Date, we had approximately 150 thousand employees passed tests in relation to relevant training programs.

Environmental Management***Our Governance of Environment-Related Issues***

We are committed to environmental protection, and have adopted and implemented measures to ensure that we comply with applicable requirements. Our Board has collective and overall responsibility for establishing, adopting and reviewing the vision, policy and target in relation to environment-related issues. In addition, by constantly following and monitoring the latest requirements regarding regulatory compliance, our directors will actively participate in the design and evaluation of our relevant strategies and targets, and will be actively involved to identify, assess and deal with the material environment-related issues. We may also engage professional independent third parties from time to time to assist us in minimizing environment-related risks. Some of the current policies implemented by our Company include: (i) Administrative Measures for Sewage Drainage Permit for Projects, (ii) Administrative Measures for the Operation of Waste Classification of Residential Projects, (iii) Working Specification for Secondary Water Tank Cleaning, (iv) Standard and Measuring Method of Illuminance in Public Areas of Community, and (v) Management Specification for Energy Saving and Consumption Reducing.

In particular, in respect of community spaces, we are among the first group of property companies in China to carry out waste sorting operations in communities that we serve in response to proposal raised by relevant PRC government. We periodically publish reports to handling employees through internal group emails related to the national enactments of waste sorting and recycling. Such report includes recent developments of local policies, as well as the

Group's corresponding implementation plan and progress of waste sorting and recycling in its projects, demonstrating our commitment to the constant compliance with regulatory mandates and encouraging policies, and active coordination of tenants' engagement in waste management activities. In addition, we also publish articles under our official WeChat account regarding our efforts and values on realizing energy efficiency. Going forward, on top of continuous compliance with the basic requirements set out by authorities, we intend to gradually optimize relevant business operations, in the way to ensure both customers' experience and results of waste sorting.

In respect of commercial spaces, we have been serving a large number of industry leaders and super high-rise office buildings, where relevant clients have pressing needs for professional energy reservation services. In particular, our *Cushman & Wakefield Vanke Service*, has established an energy management team, through which, we managed to offer practical solutions to clients utilizing its professional energy management platform capability. Further, we have implemented energy efficiency measures including, among others, energy-efficient lighting, water recycling (for example, reuse water from hand-washing sinks for toilet flushing, or apply filtered rainwater after treatment for courtyard irritations), and power management of office equipment (for example, we deploy solar heating and water cooling system to reduce the use of air conditioners during the winter and summer time, respectively). In addition, we design and set up multiple lighting solutions adjusted for seasonal changes to reduce electricity consumption of the public area), so as to facilitate our building energy efficiency. In addition, supported by our application of digitalized platform, on which we develop algorithms to equip and enable various electronic devices and instruments deployed in relevant urban spaces to respond automatically to a number of operation scenario, such as cleaning, waste collection, security services or gardening. Backed by such platform, we are enabled to closely monitor our consumptions information of electricity, heating and water usages, in order to further optimize our efficiency targets and potential.

To implement effective environment management measures, we leverage our advanced technology capabilities and installed digitalized urban operation platform as well as an array of smart equipment, featuring various energy-saving solutions. Notably for instance, we have enabled remote equipment status sensing, including, among others, observations and motion sensor-enabled remote automatic lighting controls, which are motion-activated and help lower power usage. In addition, our cloud-based system assists us in realizing automatic control of sprayers so as to effectively apply water to spraying activities. Further for instance, we have implemented remote monitoring and spot check of waste transfer station, which optimizes our waste collection and sorting management. Please also see “— AIoT and BPaaS Solution Services — Remote Space Operation Services” for details. Going forward, we intend to continue our exploration and application of technology solutions to our environment and maintenance management to achieve efficient operation and thus energy saving and consumption reductions.

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Identification, Assessment and Management of Environment-Related Issues

Given the nature of our operation and the characteristics of our services type, we may be subject to various environment-related issues in the ordinary course of our business, primarily including (i) environmental pollution; and (ii) waste of resources.

- *Environmental pollution.* The increasingly severe extreme weather events, such as more frequent storms, typhoons and flooding, will pose threat to the properties under our management and bring more challenges to our operation and maintenance of such properties. In particular, the rising frequency of severe extreme weather leads to more exposure to pollutions such as water pollution, soil pollution, and other forms of pollution, which may relatively give rise to a public health incident.
- *Waste of resources.* The growing severe weather conditions will increase our maintenance cost, in particular, the energy consumption cost. We may be subject to waste of resources, such as waste of water.

Despite such potential environmental-related issues, we have upgraded our intelligent management systems to monitor the performance and improve the efficiency of the energy consumption and will actively respond by making the corresponding contingency plans. We believe that such environment-related issues will not have any material impact on our business operation or financial performance.

Metrics and Targets on Environment-Related Risks

As an important part of our ESG policy, we formulated guidelines to manage environment-related issues and regularly measure our success in this regard. We identify and categorize environment-related issues into several categories in accordance with their nature, including, among others, water pollution, noise pollution, and solid waste, and formulate our annual environment management plans accordingly. In particular, we assess the environmental impact and risks of our business operations from eight key perspectives, namely air quality, water quality, noise, soil, energy consumption, employee health, impact on our clients and stakeholders. Our risk assessments of environment incidents are conducted with reference to the following indicators:

Score	Scale	Impact	Frequency	Reparability	Emission*	Awareness
5	Global	Extremely serious	Recurring	Irreparable	100% or above	Highly concerned by the society
4	National	Serious	Once a day to once a week	Reparable in more than six months	80% to 99%	Concerned by the regional community
3	Regional	Moderate	Once a week to once a month	Reparable within one week to six months	70% to 80%	Concerned by a majority of people within our organizations
2	Local	Mild	Once a month to once a year	Reparable within one day to one week	50% to 70%	Concerned by a small number of people
1	Limited	Remote	Less than once a year	Reparable within one day	Less than 50%	Concerned by no one

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* Calculated by actual amount emission divided by maximum amount of emission permitted by applicable laws, regulations or emission standards.

We have taken into account six essential indicators along with their calculation results into consideration per the formula listed below for the quantitative analysis:

Formula: $M=A*B*C*D*E*F$, each indicator consists of five degrees of measurements rating with score from one to five, where the higher the score is, the more serious the situation is.

- Scale of the impact of the environmental-related risk. The assessment for the scale of impact caused by the environmental-related risk is divided into five degrees, namely very limited influence, limited influence, regional influence, national influence and global influence.
- Seriousness of the impact of the environmental-related risk. The seriousness brought by the environmental-related issue could be identified from five perspectives, from the least one with no obvious negative effect to the most serious one with extremely serious environmental pollution and damage.
- Frequency of the environmental-related risk. The assessment for such environmental-related risk measured from its frequency, covering yearly, monthly to yearly, weekly to monthly, daily to weekly, and consecutively.
- Duration of the environmental-related risk. This indicator concentrates on the time spent on the restorability of environment influenced, ranging from one day to unrecoverable.
- Emission caused by the environmental-related risk. The emission indicator is calculated on the basis of various amount, ranging from less than 50% to 100%.
- Level of concern from the stakeholders. The concern received from the stakeholders is an indication which is leveled per the scale of attention, from no attention received to wide-spread social influence.

Upon the multiplication results based on the above indicators, we would obtain the final rated score and assess it in the criteria: if the total score of M is equal to or more than 32, it would be identified as an important environmental risk, and if the total score is less than 32, it would be seen as a general environment risk. And for each incident of the environmental-related issue, we would record the details in accordance with the six indicators along with other key factors involved for the further assessment and management.

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In addition, we have implemented a series of policies to optimize our energy consumption and waste management of the spaces we manage. For example, we have adopted and published our internal standards with regards to the lightening system to improve overall energy efficiency of our Group. Besides, we also continue to advance our sewage discharge systems and household garbage processes to reduce the negative environmental impact of residential life and business activities across our managed spaces. We have taken into account the quantitative information that reflects our management for environmental, social and climate-related risks, which includes greenhouse gas emissions, resource consumption and water consumption:

Emissions	For the year ended December 31, 2021
Greenhouse gas emissions (tons CO ₂ equivalent)	3,833.05
– Scope 1 (direct emissions) (tons CO ₂ equivalent) ⁽¹⁾	247.41
– Scope 2 (indirect emissions) (tons CO ₂ equivalent) ⁽²⁾	3,585.64
Density (kilogram CO ₂ equivalent/m ² GFA)	58.10
Resource consumption	For the year ended December 31, 2021
Total resource consumption (tons of standard coal each, or “tons of SCE”) ⁽³⁾	907.83
Density (tons of SCE/m ³)	0.0138
Direct resource consumption	
– Gasoline (liter)	67,445.49
– Diesel (liter)	1,849.74
– Natural gas (m ³) ⁽⁴⁾	41,277.10
– Pipeline gas (m ³)	526.00
Indirect resource consumption	
– Purchased electricity (MWh)	5,924.00
– Purchased heating power (GJ)	1,416.15
Water consumption	For the year ended December 31, 2021
Total water consumption (tons)	60,926.83
Density (tons/m ²)	0.9238

Notes:

- (1) The direct emissions of CO₂ include emissions generated from gasoline, diesel, natural gas, pipeline gas.
- (2) The indirect emissions of CO₂ include emissions generated from purchased electricity and purchased heating power.
- (3) The total resource consumption includes the total consumption of gasoline, diesel, natural gas, pipeline gas, purchased electricity and purchased heating power.
- (4) The consumption of natural gas includes the usage of natural gas in heating system and kitchen.

Renewal Projects for Residential Communities and Collaborated Growth of the Neighbouring Areas

It is not uncommon to see underserved residential areas with old facilities demanding renewal or renovation around the community spaces we serve. To properly address relevant needs, we have launched a program named as “Neighborhood Program (友鄰計劃)” since 2016, where we encourage and assist relevant residents and customers to consume at online sales channels operated by us, where we donated our service commissions derived from relevant services to fund renewal projects of surrounding communities. By the Latest Practicable Date, we had raised approximately RMB24.0 million and assisted over 100 residential communities to complete partial renewal or renovation projects through this program.

Since 2021, we have launched our “Beautiful Community (美麗社區)” program, where we liaise and coordinate various parties, including property owners, property developers, and government. Through this program, as of the Latest Practicable Date, we had managed to direct more than RMB200 million into a broad range of renovation projects of over 1,200 residential communities projects, including road renovations, fire pipe network leakages fixation, reparations of external walls, and renovation of sports facilities, among which, over 1,078 projects have already been completed.

Equality and Diversity

We are committed to providing a diverse, non-discriminatory work environment. Among our employees, the ratio of male to female employees is 1:0.93, with and females accounting for more than 42% of the management and above positions. In addition, we identify and strictly comply with applicable laws and regulations related to the protection of persons with disabilities. We proactively recruit a certain percentage of persons with disabilities and provide them with the necessary training to help them adapt to their job responsibilities, as well as to help them better integrate into the society and realize their own values. As of March 31, 2022, we have provided employment opportunities together with equal pay benefits to 616 persons with disabilities.

Going forward, we plan to establish comprehensive metrics for ESG-related issues and to regularly review our key ESG performance. Our Directors will be actively involved in formulating our ESG strategies and objectives. They will also assess, identify and deal with our ESG-related risks. We may engage professional independent third parties from time to time when necessary. Upon the Listing, we will publish the “Environmental, Social and Governance Report” annually in accordance with Appendix 27 of the Listing Rules to comprehensively analyze and disclose important ESG matters, including our ESG related risk management, performance and achievement.

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OUR CASH MANAGEMENT SERVICES

Our long-term investments in technology have digitalized our finance operations and enabled us to manage cash in a highly effective and meticulous manner as we rapidly grow our business. We have a bank account and cash management system to manage our cash inflows and outflows, applicable to all of our subsidiaries and branch offices in their ordinary course of business. Generally, we encourage our retail customers to pay via methods such as electronic payment, smart point-of-sales (POS) payment and autopay. Corporate and institutional clients generally pay via bank transfer. Our subsidiaries and branch offices settle their transactions through bank transfers and payment records are checked on a daily basis to lower the risks relating to managing cash. Our employees are expressly forbidden from removing and/or using our cash for private or other purposes not in line with our ordinary course of business

Cash flow transactions

Cash handling policies and internal control measures

Cash inflow in relation to payments of property service fees, deposits, rent or service fees from our customers

We typically issue electronic receipts or paper receipts to our customers upon their successful payment to ensure that we have received the correct amounts.

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

Payments by our subsidiaries and branches to their suppliers, service providers and subcontractors shall be pre-approved by the responsible senior supervising personnel. Once approved, such payments shall be made directly from the bank accounts of our subsidiaries and branches or the bank accounts established for centralized funds management purposes.

Cash inventories and deposits

Our subsidiaries and branch offices are typically not allowed to keep more than RMB10,000 in cash on hand. We typically require that excess amounts be deposited into the bank accounts of our subsidiaries and branch offices on the day the cash on hand exceeds the limit.

Cash transfers to our centralized bank account or the bank accounts of our subsidiaries and branch offices

We receive cash through methods such as electronic payment, smart POS payment, autopay and bank transfers, and cash collected from these methods are directly deposited into the bank accounts of our subsidiaries and branch offices. Our employees are typically required to timely file all proofs of payment.

Opening of and managing bank accounts of our subsidiaries and branch offices

Our subsidiaries and branch offices must adhere to our internal policies and procedures in relation to the opening of bank accounts. They are typically required to complete an application form before opening any bank accounts. Our reconciliation center can automatically generate a reconciliation table of bank balances based on the receipt and payment data and bank statements, so as to relieve our subsidiaries and branch offices from a considerable amount of monthly bank balances reconciliation and checking work.

INSURANCE

We believe that our insurance coverage is in line with the industry practice and is sufficient to cover our current operation. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily including (i) liability insurance, including employer liability insurance and public liability insurance to cover liabilities for

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property damages or personal injury suffered by our employees and third parties arising out of or in relation to our business operations; (ii) property insurance for damages to property owned by us or in our custody; and (iii) commercial complementary medical insurance for some of our employees. In accordance with our agreements with subcontractors, subject to the specific risk of rendering the services the subcontractors may be required to purchase accident insurance for their employees who provide services to us.

We believe we have maintain property and liability insurance with coverage in line with the practice of similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. For details, please see “Risk Factors — Risks Relating to Our Business and Industry — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter.”

CERTIFICATES, LICENSES AND PERMITS

We are required to obtain and maintain various certificates, licenses and permits in relation to our operations. As advised by our PRC Legal Advisor, as of the Latest Practicable Date, save as the certificates, licenses and permits that were being renewed, we obtained all certificates, licenses and permits from relevant regulatory authorities that are material to our business operations. We are required to renew such certificates, licenses and permits from time to time. As to the certificates, licenses and permits that were being renewed as of the Latest Practicable Date, we do not expect any legal impediment in completing 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.

As advised by our PRC Legal Advisor, other than business licenses, there are no specific license or permit requirements for us to provide residential property services and property and facility management services. The following table sets out the major licenses and permits currently held by our significant subsidiaries and their branches for the operation of AIoT and BPaaS solution services as of the Latest Practicable Date:

No.	Entity	Name of License	Expiry Date
1	Shenzhen 5th Dimension Technologies Co., Ltd. (深圳市第五空間網絡科技有限公司)	Value-Added Telecommunications Services License (增值電信業務許可證)	April 21, 2026
2	Shenzhen Vanrui Intelligent Technology Co., Ltd. (深圳市萬睿智能科技有限公司)	Work Safety Production License (安全生產許可證)	April 9, 2023
3	Shenzhen Vanrui Intelligent Technology Co., Ltd. (深圳市萬睿智能科技有限公司)	Construction Enterprise Qualification Certificate (建築業企業資質證書)	April 22, 2024

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No.	Entity	Name of License	Expiry Date
4	Shenzhen Vanrui Intelligent Technology Co., Ltd. (深圳市萬睿智能科技有限公司)	Construction Enterprise Qualification Certificate(建築業企業資質證書)	December 31, 2022
5	Shenzhen Vanrui Intelligent Technology Co., Ltd. (深圳市萬睿智能科技有限公司)	Engineering Design Qualification Certificate (工程設計資質證書)	July 3, 2024
6	Shenzhen Vanrui Intelligent Technology Co., Ltd. (深圳市萬睿智能科技有限公司)	Guangdong Province Safety Technology Prevention System Design, Construction, Maintenance Qualification Certificate (廣東省安全技術防範系統設計、施工、維修資格證)	January 17, 2023

Four of our subsidiaries which carry out property management services (as defined in the Property Management Services Ordinance (Chapter 626 of the Laws of Hong Kong) in Hong Kong (the “**Four Hong Kong Subsidiaries**”)) are required to be licensed from August 1, 2023 onwards. As of the Latest Practicable Date, one of the Four Hong Kong Subsidiaries had filed and obtained the required licensing while two of the Four Hong Kong Subsidiaries had filed for the required licensing application, and the remaining Hong Kong Subsidiary is expected to file the respective licensing application in the first half of 2023. Nothing has come to our attention that would cause us to believe that there will be any material impediment to our contemplated licensing applications.

Licenses Required for Our “Zhuzher (住這兒)” Mobile App

According to the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), the Catalog of Telecommunications Services (《電信業務分類目錄》) and Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》), commercial Internet information services provided via public communication network or the Internet, as well as online data processing and transaction processing services, are value-added telecommunications services. Entities engaged in providing such services shall apply for a license for value-added telecommunication services (the “**ICP Certificate**”). Non-commercial Internet services refer to free services of providing public, commonly shared information to web users through the Internet. See “Regulatory Overview — PRC Laws and Regulations Relating to Value-Added Telecommunication Services” for more details.

As advised by our PRC Legal Advisor, commercial Internet information services we provided through our “Zhuzher (住這兒)” mobile app during the Track Record Period include online marketing services to assist third-party vendors with the promotion and sale of their products or services, such as displaying and providing details of products or services for promotion or sale on the mobile app, which require ICP Certificates. As also advised by our PRC Legal Advisor, the operation of commercial Internet information services that involve foreign investment shall comply with the requirements in relation to the proportion of foreign investment pursuant to the relevant laws and regulations in the PRC. During the Track Record and as of the Latest Practicable Date, our ICP Certificates remained valid and effective. The

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proportion of foreign investments in an entity that engages in commercial Internet information services shall not exceed 50% pursuant to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定). Shares listed overseas shall be categorized as foreign investments pursuant to the Approval Service Guide of the Telecommunications Services License (Full Version) (電信業務經營許可審批服務指南<完整版>) (the “**Approval Service Guide of the Telecommunications Services License (2021)**”) issued by the Ministry of Industry and Information Technology (the “MIIT”) on 15 January, 2021. We filed our equity penetration analysis of foreign investments and other related materials to MIIT when our subsidiaries applied to ICP certificates. As advised by our PRC Legal Advisor, the proportion of foreign investments of the holders of ICP Certificates (the “**Foreign Investment Proportion**”) will increase as compared to the Latest Practicable Date, as a result of which such holders may need to apply for change of the Foreign Investment Proportion pursuant to the relevant laws and regulations in the PRC after the Listing, according to the verbal consultation of the PRC Legal Advisor with the MIIT, which, as advised by the PRC Legal Advisor, is the competent authority to issue ICP Certificates to Foreign-Invested Telecommunication Enterprises. However, as advised by our PRC Legal Advisor, taking into consideration that (i) the number of Offer Shares; (ii) the Foreign Investment Proportion projected in accordance with the Approval Service Guide of the Telecommunications Services License (2021) (based on the share capital structure of the holders of ICP Certificates and our Company as of the Latest Practicable Date and the information of the Shareholders as of March 31, 2022); (iii) our Company could adjust the share capital structure of the holders of ICP Certificates in a timely manner, ensure that the Foreign Investment Proportion complies with the regulatory requirements for a Foreign-Invested Telecommunication Enterprise on a continuous basis, the completion of the Global Offering (assuming the Over-allotment Option is exercised in full) shall not be a legal impediment to complying with the regulatory requirements for a Foreign-Invested Telecommunication Enterprise. We will pay close attention to the Foreign Investment Proportion and the legislative and regulatory development in value-added telecommunication, maintain ongoing dialogue with relevant government authorities and consult the relevant government authorities as necessary and in due course, and where necessary, take necessary actions in a timely manner to continuously comply with the latest regulatory requirements and maintain the validity of ICP Certificates.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned over 60 properties in the PRC, which we used as offices. We have obtained legal title and/or ownership certificate for relevant properties in all material respect.

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Leased Properties

During the Track Record Period, we leased properties in the PRC and Hong Kong mainly for office and/or staff dormitory purpose. In addition, in line with our business operation needs, we, from time to time, entered into short-term leasing arrangement for properties used as exhibition sample rooms and/or parking spaces, which generally carry small GFA and represent large majority of our leased properties. As of March 31, 2022, the total number of leased properties amounted to over 2,500.

No single property leased by us was material to our operations. If we are required to cease to occupy any of these leased properties, we believe that we will be able to find suitable replacement locations without material delay, incurring undue cost, or causing disruption to our business.

As of the Latest Practicable Date, the lessors for some of our leased properties had not provided valid authorization documents evidencing their right to lease the properties, or had not provided valid title certificates or other ownership documents for the leased properties. As a consequence, we may be exposed to a potential relocation risk if our rights to use these properties were to be successfully challenged. In addition, as of the Latest Practicable Date, a number of lease agreements relating to our leased properties had not been registered with the relevant PRC housing administration authorities in accordance with applicable PRC regulations, which could subject us to administrative penalties. As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or result in us being required to vacate the leased properties. However, the relevant PRC authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. See “Risk Factors – Risks Relating to Our Business and Industry – Some landlords failed to provide us with relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government.”

We consider that the defects in the titles of our leased properties and the failure to complete the administrative registrations are primarily attributable to reasons beyond our control because the lessors of these properties are responsible for procuring the necessary ownership certificates and providing documents and information necessary for the administrative filings. We understand that, as of the Latest Practicable Date, some of the lessors were in the process of procuring the property ownership certificates or the construction completion acceptance receipts. To minimize the potential adverse impact of the above property defects on our operations, we plan to continue to maintain regular communication with the lessors regarding their progress of remedying the defects. We have strengthened our internal control procedures to improve our assessment on selection of candidate properties for leasing arrangement from a compliance perspective. We will provide training to our relevant business development personnel to enable them to identify and collect sufficient and valid title certificates, other ownership documents and authorization documents from the lessors. We will also consult with our external legal counsel to review the title certificates and other documents for our new leasing arrangement to ensure compliance with applicable PRC laws and

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regulations. Additionally, it is the lessors' responsibility to obtain the title certificates to enter into the leases, and, as a tenant, we will not be subject to any administrative punishment in this regard. Based on our experience and knowledge, if we are required to cease to occupy any of these leased properties, we believe that we will be able to find suitable replacement locations in a timely manner and at a reasonable cost. As of the Latest Practicable Date, neither do we have material disputes with the lessors over the ownership of the leased properties and the registration and filing of lease agreements, nor have we been asked to vacate from any of the leased properties.

After taking into consideration the above factors, our PRC Legal Advisor, have confirmed that the legal implications of the defects and non-compliance matters described above are not likely to have a material adverse impact on our business.

According to section 6(1) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Prospectus is exempted from compliance with the requirements of section 38(1) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our Group's interests in land or buildings, for the reason that, as of March 31, 2022, we had no single property with a carrying amount of 15% or more of our total assets.

RISK MANAGEMENT AND INTERNAL CONTROL

We face various risks during our business operations, see "Risk Factors — Risks Relating to Conducting Business in the PRC." We have established a risk management system and relevant policies and procedures which we consider appropriate for our business operations. These policies and procedures are essential to the achievement of sound corporate governance and the healthy growth of our business performance. In particular, we have adopted, among other things, the following risk management measures:

- establishing an audit committee under the Board to monitor the integrity of our financial statements and review significant financial reporting judgments contained in our annual and interim reports. Our audit committee consists of three members: Ms. Law Elizabeth, Mr. Wang Wenjin and Mr. Chen Yuyu. For the qualifications and experiences of these members, see "Directors and Senior Management";
- adopting adequate internal control policies to ensure the continuing compliance with the Listing Rules, including but not limited to the detection and administration of notifiable and connected transactions and other disclosure matters;
- providing regular anti-corruption and anti-bribery compliance training for senior management and employees in order to cultivate a good compliance culture;
- organizing training seminars for our Directors and senior management to satisfy the requirements of the Listings Rules.

Anti-corruption and Anti-bribery Measures

In order to comply with applicable anti-corruption and anti-bribery laws and regulations of the PRC and Hong Kong, we have formulated and implemented an anti-corruption and anti-bribery regime. Key anti-corruption and anti-bribery measures include the following:

- we provide anti-fraud and ethics training to our new employees and distribute our anti-corruption and anti-bribery policy to all employees through employee handbooks and announcements;
- we require all employees to sign the anti-corruption practice commitment on an annual basis to indicate that each of them is aware of and voluntarily abide by our anti-corruption requirements;
- we have established a set of rules, such as requiring separation of duties so that the same person cannot be equipped with the authority to propose funding and approve funding at the same time, to implement financial control measures in order to manage corruption and bribery risks, so that financial transactions are accurately, completely and timely recorded;
- we have established a committee consisting of our management team to identify improper conduct of our employees and monitor inter-department activities. The primary duties of the committee include providing anti-corruption and anti-bribery compliance advice, investigating potential corruption or fraudulent incidents, and initiating anti-fraud promotional activities with our Group; and
- we have a whistleblowing and complaint handling process through written submissions, WeChat official accounts, telephone or email, and we will conduct investigations for any suspected cases of bribery, corruption or other related misconduct or fraudulent activities. In cases where misconduct is found, we may take disciplinary actions as appropriate, report to the relevant regulatory authorities and/or initiate legal actions to recover any losses suffered by us as a result of such misconduct; and we have established a set of rules, such as continuously evaluating relevant corruption and bribery risk of our suppliers, to implement procurement management measures in order to make sure our suppliers also adhere to our anti-corruption and anti-bribery measures.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with anti-corruption and anti-bribery laws and regulations in the PRC and Hong Kong in all material aspects, and were not subject to any administrative penalties or investigations from any regulatory authorities in respect of such activities, which may cause material and adverse effects to us.

LEGAL PROCEEDINGS AND NON-COMPLIANCES

Legal Proceedings

We have been involved in legal proceedings or disputes from time to time in the ordinary course of business, such as contract disputes with our customers, suppliers or disputes with other third parties at properties under our management. Save as disclosed below, during the Track Record Period and 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 may have a material adverse effect on our business, financial condition or results of operations.

A plaintiff filed a litigation (the “**Bon Case**”) with Shenzhen Intermediate People’s Court in December 2021 against us, two of our subsidiaries, namely, Shenzhen Yuying and Bon Property, as well as three other parties, all of which were named as the defendants, claiming his equity interests in Bon Property were damaged during our acquisition of Bon Property.

In particular, the plaintiff alleged that (i) he owns 40% of the equity interest in Bon Property (the “**Alleged Interest**”) according to a memorandum of understanding he entered into with his brother (“**Defendant X**”) in 2010; and (ii) since 2014, such Alleged Interest has been fraudulently transferred by Defendant X to a company controlled by Defendant X (“**Defendant Y**”), without the consent from the plaintiff. In September 2021, Shenzhen Yuying acquired 100% of equity interests in Bon Property from Defendant Y and other shareholders of Bon Property at that time (the “**Equity Transfer**”). For more details of the Equity Transfer, see “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers During Track Record Period — Acquisition of Bon Property.” The plaintiff initially sought, among other things, (i) invalidation of the transfer of the Alleged Interest; and (ii) a confirmation from the court that the plaintiff is entitled to the Alleged Interest, and an order that Bon Property and Shenzhen Yuying shall register the Alleged Interest under the name of the plaintiff.

As of the Latest Practicable Date, the case was still at the preliminary stage and trial proceedings had not yet commenced. We intend to vigorously defend our interests and rights in court. Taking into account the civil complaint and the supporting evidence filed by the plaintiff, our PRC litigation counsel advising us on the Bon Case is of the view that (i) the Equity Transfer, including the transfer of the Alleged Interest, shall be legal and valid; and (ii) the plaintiff’s claims are groundless.

None of our Directors, Supervisors and senior management was involved in the Bon Case. Having considered the legal advice from our PRC litigation counsel advising us on the Bon Case and the facts and merits of the case, our Directors are of the view that the Bon Case will not have a material adverse impact on our business, results of operations and financial condition.

Historical Non-Compliance Incidents

We conduct our business mainly in China and are, therefore, subject to the relevant regulations of the PRC. During the Track Record Period and up to the Latest Practicable Date, we have corrected and rectified certain non-compliance incidents in accordance with the requirements of relevant authorities, and we have not been imposed any administrative measures to suspend our business or other kinds of penalties which may have a material adverse effect on our business operations and financial conditions. As advised by our PRC Legal Advisor, based on our business operating record and compliance certificates obtained from our relevant governmental authorities, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

To ensure compliance with applicable laws and regulations, from time to time, we have been paying attention to changes and developments of the laws, regulations and administrative policies in relation to our business, and we have been consulting with our legal advisor and relevant governmental authorities to make sure that we are in compliance with the relevant laws and regulations in all material aspects.

RECENT REGULATORY DEVELOPMENT

Regulatory Changes of Residential Property Services and Real Estate Industries

The PRC Government recently promulgated a series of regulatory notices to regulate the residential property services as well as the real estate industries, details of which and a discussion of their impact on the Group and China Vanke Group (to the extent applicable) are set forth as follows.

The Residential Property Management Notice and the Real Estate Market Order Notice

On December 25, 2020, MOHURD and several other departments of the PRC Government issued the Notice on Strengthening and Improving the Work of Residential Property Management (關於加強和改進住宅物業管理工作的通知) (the “**Residential Property Management Notice**”), which aims to strengthen the administration of residential property management in the following main aspects: (i) refining the requirements for the performance of duties by the property owners’ associations and strengthening supervision thereof; (ii) exploring the possibility of establishing a property management committee composed of the neighborhood committees and property owners’ representatives to temporarily act on behalf of the property owners’ committee where the conditions for setting up a property owners’ general meeting are not satisfied; (iii) encouraging property service enterprises to establish smart property management service platforms and improve their services by applying technologies such as the Internet of Things, cloud computing, big data, block chain and artificial intelligence; (iv) strengthening the supervision of property management services, establishing

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unified credit rating criteria and publicity platform; and (v) improving the regulation on the use and management of housing maintenance funds. As advised by Frost & Sullivan, the Residential Property Management Notice is expected to facilitate the improvement of service quality, development of smart property services and professionalization of management personnel, which will in turn have a positive impact on the residential property services industry.

On July 13, 2021, the MOHURD and seven other ministries of the PRC jointly promulgated the Notice on Continuous Rectification and Regulation of Real Estate Market Order (關於持續整治規範房地產市場秩序的通知) (the “**Real Estate Market Order Notice**”), requiring the implementation of policies to highlight the key rectification points and focus on the rectification of real estate development, housing sales, housing leasing and property management services. The key issues in relation to provision of property management services identified in the Real Estate Market Order Notice which require rectification and regulation include (i) failing to provide services pursuant to the service scope in the property services contract; (ii) failing to disclose the relevant information, such as fee rates for the property services, information in relation to operation of the common area and the income generated therefrom and the application of maintenance and repair funds; (iii) charging excessive fees than the fees set out in the contract or announced fee rates; (iv) carrying out business activities in the common area without authorization, encroaching or misappropriating income generating from the operation of the common area; and (v) refusing to exit after the property management agreement has legally expired or been terminated without justified reasons. The Real Estate Market Order Notice also highlights the importance of cracking down on the distribution of falsified advertising or promotional materials during the course of providing home sale brokerage services. As advised by our PRC Legal Advisor, the Real Estate Market Order Notice primarily refines or reiterates certain general requirements, but does not impose new compliance requirements, on the real estate and residential property services industries. According to Frost & Sullivan, the Real Estate Market Order Notice is not expected to have negative impact on the residential property service companies or home sale and rental brokerage service providers that offer high-quality services, constantly operate in compliance with laws and regulations, and have strict internal control policies in place to ensure the compliance.

Although the competent authorities have not promulgated any new requirements under the Residential Property Management Notice and the Real Estate Market Order Notice, we had not been aware of any material violation of the Residential Property Management Notice or the Real Estate Market Order Notice as of the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had no material pending litigation or proceeding relating to the performance of residential property service contracts, nor were we subject to any material fines or administrative penalties due to non-compliance with or violation of the Residential Property Management Notice or the Real Estate Market Order Notice.

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We have established and implemented certain internal policies that enable us to comply with the requirements set out in the Residential Property Management Notice and the Real Estate Market Order Notice on a continuous basis, which primarily include: (i) providing on-the-job training and lectures to our employees regarding the regulatory requirements that apply to our residential property services, including but not limited to the Residential Property Management Notice and the Real Estate Market Order Notice; (ii) designating legal staff to closely monitor the regulatory developments of residential property service industry and oversee our compliance status, and report non-compliance matters to our senior management on a timely basis; (iii) maintaining and improving the complaint handling mechanism on a continuous basis to ensure quality service delivery; (iv) timely disclosing information in connection with property services (such as service fees and service standards, financial results of property service projects, financial information such as revenue and expenses in connection with the operations of common area and use of clients' funds) to property owners and residents.

In particular, in respect of the Real Estate Market Order Notice, to the best knowledge of our Directors after consultation with China Vanke Group, since the promulgation of the Real Estate Market Order Notice and up to the Latest Practicable Date, China Vanke Group had not experienced and is not expected to experience (i) any material delay in property development and construction of residential property service and property and facility management service projects to be awarded to us; or (ii) any material adverse impact on the overall operations or financial position of China Vanke Group. In addition, we believe our business is well hedged with our diverse client base. In 2019, 2020 and 2021, 33.5%, 35.5% and 39.0% of our revenue was derived from residential property services, respectively, was generated from properties developed by or sourced from Independent Third Parties, of which revenue from properties sourced from property owners' associations accounted for over 40% in each year during the Track Record Period, while a majority of our revenue derived from property and facility management services during the Track Record Period was generated from corporate clients across industries.

Based on the foregoing, our Directors are of the view that we are not in violation of the Residential Property Management Notice or the Real Estate Market Order Notice in any material respect and the Residential Property Management Notice and the Real Estate Market Order Notice have not imposed and are not expected to impose any material adverse impact on our results of operations or financial condition.

Having taken into account: (i) the legal implications and application of the Residential Property Management Notice and Real Estate Market Order Notice; (ii) the aforementioned views of Frost & Sullivan, our Directors and us; (iii) the diversity of our client base of residential property services and property and facility management services; and (iv) our internal control measures, nothing material has come to the attention of the PRC Legal Advisor that would cause it to disagree with the Directors' views that (i) the Company is not in violation of the Residential Property Management Notice or the Real Estate Market Order Notice in any material respect; and (ii) the Residential Property Management Notice and Real Estate Market Order Notice have not, and are not expected to pose any material adverse impact on our results of operations or financial condition.

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Having taken into account: (i) the aforementioned views of the Directors and the Company, that the Company is not in violation of the Real Estate Market Order Notice and the Residential Property Management Notice in any material respect; (ii) the Company confirms that it is in compliance with the Real Estate Market Order Notice and the Residential Property Management Notice in all material aspects during the Track Record Period and up to the Latest Practicable Date; (iii) the Company confirms that the internal control measures promulgated and implemented by it with regard to the provision of residential property management service and home sale and rental brokerage services, are operating effectively during the Track Record Period and up to the Latest Practicable Date; (iv) based on the due diligence work conducted by the PRC Legal Advisor, nothing has come to the attention of the PRC Legal Advisor that the Company is in violation of the Real Estate Market Order Notice and the Residential Property Management Notice in any material respect during the Track Record Period, the PRC Legal Advisor is of the view that the Company is in compliance with the Real Estate Market Order Notice and the Residential Property Management Notice in all material aspects during the Track Record Period and up to the Latest Practicable Date.

Having taken into the account of the views and analysis of the Directors and the relevant experts as described above, and the due diligence work conducted by the Joint Sponsors, nothing material has come to the attention of the Joint Sponsors that would cause them to disagree with the Directors' views that (i) the Company is not in violation of the Residential Property Management Notice or the Real Estate Market Order Notice in any material respect; and (ii) the promulgations of the Residential Property Management Notice and the Real Estate Market Order Notice have not imposed and are not expected to impose any material adverse impact on our results of operations or financial condition.

The Proposed PBOC Standards

The PBOC and the Ministry of Construction held a forum on controlling the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers in August 2020. According to such proposed standard, a property developer's access to financing will be limited to a certain extent, subject to their compliance with the limitations of three designated financial ratios (assets-to-liabilities ratio, net gearing ratio and cash to short-term borrowing ratio) (the "PBOC Standards"). The PBOC Standards require that (i) the assets-to-liabilities ratio (excluding receipts in advance) shall not exceed 70%, (ii) the net gearing ratio shall not exceed 100%, and (iii) the cash to short-term borrowing ratio shall not be lower than 1.0. The proposed PBOC Standards further stipulate that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for those property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all. According to Frost & Sullivan, the proposed PBOC Standards are primarily for the purpose of restraining the overly

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aggressive expansion of certain heavily indebted property developers, enhancing the marketization, regulation and transparency of the financing of property developers. The proposed PBOC Standards are expected to speed up property developers' deleveraging process and promote the healthy development of the PRC real estate industry. The short-term investments along with the short-term financings in the real estate industry are expected to decrease. In the long run, the land auction market will become more stable and the cost of long-term financings are expected to decrease.

As of December 31, 2021, China Vanke Group's assets-to-liabilities ratio, net gearing ratio and cash to short-term borrowing ratio were 68.4%, 29.7% and 1.5, each having met the PBOC Standards. Despite the strength of China Vanke Group's capital structure, the external environment has presented temporary challenges to China Vanke Group. Profit attributable to equity shareholders of China Vanke Group decreased by 45.7% from RMB41,515.5 million in 2020 to RMB22,524.0 million in 2021, but increased by 10.6% from RMB1,292.3 million in the three months ended March 31, 2021 to RMB1,429.0 million in the three months ended March 31, 2022. According to Frost & Sullivan, the proposed PBOC Standards are expected to have less negative impact on property developers which have advantages in capital sufficiency and a prudent financial management system, such as China Vanke Group. To our best knowledge after consulting China Vanke Group, during the Track Record Period and as of the Latest Practicable Date, (i) China Vanke Group did not experience any difficulties in bank loan renewals or obtaining new bank loans that would cause a material adverse impact on its results of operations and financial condition, nor was it subject to any administrative penalties or investigations; (ii) the proposed PBOC Standards, if implemented in their current form, are not expected to pose any material adverse impact on the residential property service or property and facility management service projects to be awarded by China Vanke Group to us; and (iii) the proposed PBOC Standards, if implemented in their current form, are not expected to pose any material adverse impact on the overall operations and financial position of China Vanke Group.

Based on the foregoing, our Directors are of the view that the PBOC Standards would be less likely to have a material adverse impact on our business, results of operations and financial condition. However, we will continue to monitor regulatory updates and further assess the impact of the PBOC Standards as the relevant implementation details become available.

Having taken into account: (i) the legal implications and application of the PBOC Standards as of the Latest Practicable Date; (ii) the aforementioned views of Frost & Sullivan, our Directors and us, our PRC Legal Advisor is of the view that the PBOC Standards would be less likely to have a material adverse impact on our results of operation or financial condition.

Having taken into the account of the views and analysis of the Directors and the relevant experts as described above, and the due diligence work conducted by the Joint Sponsors, nothing material has come to the attention of the Joint Sponsors that would cause them to disagree with the Directors' views that the PBOC Standards would be less likely to have a material adverse impact on our business, results of operations and financial condition.

The Real Estate Loan Notice

On December 28, 2020, the PBOC and the CBIRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (關於建立銀行業金融機構房地產貸款集中度管理制度的通知) (the “**Real Estate Loan Notice**”), which requires a PRC banking financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such banking financial institution. A relevant banking financial institution will have a transition period of two years or four years to comply with the requirements depending on whether such banking financial institution exceeded 2% of the legal proportion based on the statistical data relating to such banking financial institution as of December 31, 2020. Under the Real Estate Loan Notice, PBOC and CBIRC will have the authority to take measures such as, among other things, imposing additional capital requirements on and reallocating the weight adjustments relating to the risk of real estate assets for banking financial institutions that fail to rectify the proportion requirements within a certain period. According to Frost & Sullivan, the Real Estate Loan Notice mainly affects residential properties, and in the short term, in light of the Real Estate Loan Notice, some banks and financial institutions may be reluctant to provide financing to personal housing mortgages, which in turn affects purchasing power of personal housing buyers, residential property sales and the growth of real estate sector. However, according to Frost & Sullivan, in the long run, the overall impact of the Real Estate Loan Notice on the real estate industry is expected to be neutral and therefore unlikely to have material adverse impact on the property services industry.

On the supply side, according to Frost & Sullivan, the aforementioned recent regulatory developments are aimed to stabilize the land auction and property market, restrain the overly aggressive expansion of property developers, improve risk resistance capability of the real estate financing system, optimize the credit structure of the banking industry and promote the healthy development of the real estate industry. In the short run, land auction in certain cities are expected to postpone, which may lead to decreasing volume of land transactions. In addition, property developers may face difficulties in refinancing and increasing borrowing costs, and are expected to be more cautious in land acquisitions. Consequently, the growth of the real estate market in the PRC is expected to slow down and the residential property services industry is likely to be adversely affected due to delay in construction and delivery of new properties as well as the decreasing volume of real estate transactions in the short run. However, the aforesaid regulatory developments are unlikely to have any material adverse impact on the financially sound and large-scale property developers which have advantages in capital sufficiency, such as China Vanke Group. Correspondingly, business operations and financial performance of residential property service providers affiliated to those property developers are likely to be subject to less negative impact caused by the aforesaid recent regulatory developments.

China Vanke Group continues to maintain healthy financial position. China Vanke Group’s capital structure was further optimized as of the end of 2021, with the proportion of long-term liabilities increased to 78%, and monetary funds covering 2.5 times of its short-term

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debt. In addition, China Vanke Group' financial ratios met the PBOC Standards as of December 31, 2021 and March 31, 2022. To our best knowledge after consulting China Vanke Group, during the Track Record Period and as of the Latest Practicable Date, (i) China Vanke Group did not experience any difficulties in bank loan renewals or obtaining new bank loans that would cause a material adverse impact on its results of operations and financial condition, nor was it subject to any administrative penalties or investigations; (ii) the Real Estate Loan Notice had not and is not expected to pose any material adverse impact on the residential property service or property and facility management service projects to be awarded by China Vanke Group to us; and (iii) the Real Estate Loan Notice had not and is not expected to pose any material adverse impact on the overall operations and financial position of China Vanke Group.

On the basis of above, our Directors are of the view the Real Estate Loan Notice would be less likely to have a material adverse impact on the land acquisition, liquidity and cash flow management of China Vanke Group, and therefore less likely to have material adverse impact on our results of operations or financial condition.

Having taken into account: (i) the legal implications and application of the Real Estate Loan Notice; (ii) the aforementioned views of Frost & Sullivan, our Directors and us, our PRC Legal Advisor is of the view that the Real Estate Loan Notice would be less likely to have a material adverse impact on the land acquisition, liquidity and cash flow management of China Vanke Group, and therefore less likely to have material adverse impact on our results of operations or financial condition.

Having taken into account the views and analysis of the Directors and the relevant experts as described above, and the due diligence work conducted by the Joint Sponsors, nothing material has come to the attention of the Joint Sponsors that would cause them to disagree with the Directors' views that the Real Estate Loan Notice would be less likely to have a material adverse impact on the land acquisition, liquidity and cash flow management of China Vanke Group, and therefore less likely to have material adverse impact on our results of operations or financial condition.

The Real Estate Tax Reform

On October 23, 2021, the 31st Session of the SCNPC adopted the Decision of the Standing Committee of the National People's Congress on Authorizing the State Council to carry out a Pilot Program of Real Estate Tax Reform in Certain Areas (the "**Tax Decision**"), authorizing the State Council to carry out a pilot program of real estate tax reform in certain areas. The Tax Decision clarifies that the real estate tax is to be imposed on various types of real estate for residential use and non-residential use in urban areas, and that the holders of land use rights and owners of houses are taxpayers of the real estate tax. The Tax Decision authorizes the State Council to formulate specific measures for the real estate tax pilot program, and determine the list of cities for the pilot program and file the record with the SCNPC. The Tax Decision also authorizes the people's governments of pilot areas to formulate specific implementing rules. However, as of the Latest Practicable Date, the PRC Government had not yet specified the pilot cities or regions, tax base or rate or other details of the proposed

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real estate tax, and the specific measures and implementing rules for the pilot program have not been promulgated yet. In an interview with the Xinhua News Agency, a spokesperson of the MOF expected that the list of cities for the pilot program will not be expanded in 2022 as the conditions for such an expansion have yet to be fulfilled. As a result, there remains uncertainties as to the specific impact of the proposed real estate tax on China Vanke Group's and our results of operations and financial condition, as well as when such impact will materialize. According to Frost & Sullivan, the Tax Decision is another step taken by the PRC Government as its long-term effort to curb overheated real estate market and speculation activities, with a view to promote a healthy and stable real estate market.

According to Frost & Sullivan, the levy of real estate tax is expected to impact the property market of the specified pilot regions, the extent of which hinges on the dependence on property development of the pilot regions and the current market condition. In general, the levy of real estate tax on various types of properties is expected to reduce the reliance on new property development and alleviate sharp increase in property prices in the pilot regions. In terms of land supply, according to Frost & Sullivan, the levy of real estate tax will, to certain extent, have the effect of replacing the premium for land use right and widening the source of tax revenue, which would benefit the finance of the local governments by reducing their reliance on land use right transfer as the primary revenue source and promote a reasonable demand and supply of land. The increase in cost for holding properties is expected to reshape the preference of property buyers, which would in turn cause property developers to adjust their supply of properties based on real market demand. The levy of real estate tax on various types of properties is expected to increase the supply of existing properties and promote the liquidity of the real estate property market, in light of which, the demand and supply mismatch in certain large cities will be relieved and property prices will be stabilized.

According to Frost & Sullivan, the Tax Decision may affect the availability of newly constructed projects for the property services market; however, the Tax Decision is not expected to have a material adverse impact on projects under management or change the landscape for property demand and supply in the long run and is viewed as being conducive to the development of a healthy and stable real estate market and thereby promoting a healthy, orderly and quality development of the property services market.

As of the Latest Practicable Date, based on the review of the information on the official websites of the SCNPC and State Council, our PRC Legal Advisor is unaware of any official announcement from the PRC Government in relation to the execution-wise details of the Tax Decision such as the specified pilot regions, tax base or rate of the proposed real estate tax. Based on information from public media, the real estate tax reform may be launched in certain cities with relatively vibrant real estate markets, such as first-tier and new first-tier cities (the "**Potential Pilot Cities**").

With respect to residential properties under our management in the Potential Pilot Cities, as the real estate tax reform will primarily have a short-term impact on property sales and property transactions and property owners and tenants are obligated to pay property service

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fees regardless of when and how the Tax Decision will be implemented, according to Frost & Sullivan, we expect that the real estate tax reform will not have any imminent material adverse impact on the operations and outlook of our residential property services.

To our best knowledge after consulting China Vanke Group and based on the aforesaid analysis, since the promulgation of the Tax Decision and up to the Latest Practicable Date, (i) the Tax Decision had not and is not expected to pose any imminent material adverse impact on the residential property service or property and facility management service projects to be awarded by China Vanke Group to us; and (ii) the Tax Decision had not had and is not expected to pose any imminent material adverse impact on the overall operations and financial position of China Vanke Group.

In addition, during the Track Record Period, our business mix also became increasingly diversified, positioning us well in the face of any potential adverse impact brought about by the real estate tax reform. In terms of residential property services, we intend to strategically expand our portfolio of projects sourced from property owners' associations to mitigate the potential adverse impact of the real estate tax reform.

Based on the foregoing, our Directors are of the view that the Tax Decision is not expected to have any imminent material adverse impact on our results of operations or financial condition. However, we will continue to monitor regulatory updates and further assess the impact of the real estate tax reform as the implementation details about the Tax Decision become available.

Having taken into account: (i) the legal implications and application of the Tax Decision as of the Latest Practicable Date; (ii) the aforementioned views of Frost & Sullivan, our Directors and us, our PRC Legal Advisor is of the view that the Tax Decision is not expected to have any imminent material adverse impact on our results of operations or financial condition.

Having taken into account the views and analysis of the Directors and the relevant experts as described above, and the due diligence work conducted by the Joint Sponsors, nothing material has come to the attention of the Joint Sponsors that would cause them to disagree with the Directors' views that the Tax Decision is not expected to have any imminent material adverse impact on our results of operations or financial condition.

Regulatory Changes of Cybersecurity

On December 28, 2021, the Cyberspace Administration of China (the "CAC") promulgated the Cybersecurity Review Measures (網絡安全審查辦法) (the "Measures"), which came into effect on February 15, 2022. The Measures further clarifies the scope of application of cybersecurity review. According to the Measures, network platform operators with personal information of more than one million individuals shall apply to the Cybersecurity Review Office for a cybersecurity review in the event of a "foreign" listing (國外上市). On November 14, 2021, the CAC published the Regulations for the Administration of Cyber Data

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Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the “**Draft Cyber Data Security Regulations**”), which provides the circumstances under which data processors shall apply for cybersecurity review, including, among others, when (i) the data processors who process personal information of at least one million users apply for a “foreign” listing (國外上市); and (ii) the data processors’ listing in Hong Kong affects or may possibly affect national security. However, it provides no further explanation or interpretation as to what constitutes a listing that could be perceived as “affecting national security.” This would imply that the PRC Government has broad discretion in interpreting the term “affect or may affect national security.” Having consulted with our PRC Legal Advisor, we believe that the Measures and Draft Cyber Data Security Regulations (if formally issued in the current form) would apply to us given that in the ordinary course of our business, we collect, process and store different types of data concerning its users, business partners and employees, all of which would be considered as data processing activities under applicable PRC laws.

Assuming the Draft Cyber Data Security Regulations is implemented in its current draft form, we and our PRC Legal Advisor are of the view that (i) we will be able to comply with the Measures and the Draft Cyber Data Security Regulations in all material respects; and (ii) the Measures and the Draft Cyber Data Security Regulations (if enacted and implemented) will not have any material adverse impact on our current business operations or the Listing. However, we and our PRC Legal Advisor cannot preclude the possibility that new rules or regulations promulgated in the future will impose additional compliance requirements on us.

It is provided for in Article 2 of the Critical Information Infrastructure Protection Regulations (the “**CII Regulations**”), which came into force on September 1, 2021, that critical information infrastructure (“**CII**”) refers to “important network facilities and information systems in important sectors and fields such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, and national defense science and technology, as well as the other important network facilities and information systems to the extent that any damages, malfunctions or data leakage of or from such facilities or systems may seriously endanger national security, people’s livelihood and public interests.” It is provided for in Article 10 of the CII Regulations that “the Protection Authorities (as defined under the CII Regulations) shall arrange the identification of Critical Information Infrastructures in the sectors or fields governed by them respectively in accordance with the identification rules, promptly inform the operators of the results of identification, and report such results to the public security authority of the State Council.” Our principal business (i.e. property management services) is not one of the important sectors or fields explicitly prescribed in the CII Regulations. In addition, as of the Latest Practicable Date, we had not received any notification or other documentation from any government authority that identifies or may identify us as a critical information infrastructure operator, nor has received any enquiries, notices, or sanctions imposed by any regulatory authorities in connection with cybersecurity review under the Measures. Therefore, the PRC Legal Advisor is of the view that it is unlikely that we would be identified as a critical information infrastructure operator.

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In accordance with Article 7 of the Measures, network platform operators holding personal information of more than one million individuals must apply for a cybersecurity review from CAC prior to listing abroad. According to the verbal consultation of the PRC Legal Advisor with the officials at China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心), a listing in Hong Kong is not treated as a listing abroad within the meaning of the Measures. Therefore, the Listing will not trigger voluntary application for cybersecurity review under Article 7 of the Measures. Further, taking into account that (i) we have not received any notification or documentation from any government authority that identifies or may identify us as a critical information infrastructure operator, nor likely we would be identified so, (ii) we have not been required by any regulatory authorities to apply for a cybersecurity review under Cybersecurity Review Measures, and (iii) we have been closely monitoring the legislative development in connection with cybersecurity laws, including its interpretation or implementation rules, and will take appropriate steps to ensure compliance with new regulatory requirements within the time limits of any new laws, together with the four factors as illustrated in details in the below, we believe that we will be able to comply with the Cybersecurity Review Measures and Draft Cyber Data Security Regulations in all material aspects (provided that the latter implemented in its current form).

We have implemented comprehensive measures to ensure compliance with the Measures and the Draft Cyber Data Security Regulations in all material respects. For the access control products and related services provided by us, we collect personal information of its users primarily through mobile applications and mini-programs, in addition to collection during offline property management services. The types of personal information collected by us generally includes two categories: (i) basic information and (ii) additional information. The former includes users' names, room numbers, cellphone numbers, ID numbers, cities and geographical locations, residential addresses, WeChat account and profile. The latter includes bank account information (related to the payment of property management fees and other property related transactions) face information (upon separate consent of users), and car plates (applicable to smart parking only), which are necessary for us to provide the access control and other security management services. In this regards, we have formulated privacy policies for each of the relevant online channels to explain to the users how we will handle their personal information and the users' consent will be obtained before we collect any of the users' personal information. After collecting users' personal information, we will store and process such data in accordance with the internal polices in respect of personal information protection and data security.

Based on the above analysis and in particular considering the fact that (i) our principle business is property management services and had not engaged in any activities that might give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures during the Track Record Period and up to the Latest Practicable Date; (ii) we collect personal data only to an extent necessary for providing property management services and not used for any other purposes; (iii) we have taken reasonable and sound internal personal information protection measures and information security measures; (iv) all the personal data collected by us is stored in PRC, the PRC Legal Advisor is of the view that the possibility of the Listing affecting or potentially affecting national security is relatively low in light of the

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factors set out in Article 10 of the Measures. Nevertheless, there remains substantial uncertainty as to the final form, date of enactment or entry into force, final interpretation and implementation details and other aspects of the Draft Cyber Data Security Regulations. Given these uncertainties, we cannot assure you whether we would be subject to the cybersecurity review for this Listing pursuant to such draft regulation. As of the Latest Practicable Date, the Draft Cyber Data Security Regulations had not been formally adopted and we had not been informed by CAC of any requirement to file for approval for this Listing. If the Draft Cyber Data Security Regulations are adopted into law in the future, we may become subject to enhanced cybersecurity review, or regulatory bodies in China may retroactively apply and implement such draft regulations by conducting a cybersecurity review over us in connection with this Listing. To mitigate the potential impact of any such regulatory changes, we will pay close attention to the legislative and regulatory development in cybersecurity and data protection, maintain ongoing dialogue with relevant government authorities and consult the relevant government authorities as necessary and in due course, we will also rectify, adjust, and optimize our data practices in a timely manner to keep pace with regulatory development.

Having taken into account the views and analysis of the Directors and the relevant experts as described above, and the due diligence work conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would cause them to disagree with the Company's views that the Measures and the Draft Cyber Data Security Regulations (if enacted and implemented) will not have any material adverse impact on our current business operations or the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, China Vanke was interested in and entitled to exercise in aggregate approximately 62.89% of the voting rights in our Company through (i) 600,000,000 Domestic Shares beneficially owned by China Vanke, representing approximately 57.12% of our total issued share capital; and (ii) a total of 60,602,000 Domestic Shares through Wanqing, Wanhu, Wanmazhengxian, Yingda Investment Fund, Wanshuzhimiao and Wanhuquanyuan (each being a wholly-owned subsidiary of China Vanke), representing approximately 5.77% of our total issued share capital. Accordingly, China Vanke, Wanqing, Wanhu, Wanmazhengxian, Yingda Investment Fund, Wanshuzhimiao and Wanhuquanyuan together constitute our Controlling Shareholders Group.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), our Controlling Shareholders Group will be able to exercise in aggregate approximately 56.60% of the voting rights in our Company and therefore, will remain as our Controlling Shareholders Group pursuant to the Listing Rules.

China Vanke is a joint stock limited company incorporated in the PRC with its H shares listed on the Main Board of the Stock Exchange (stock code: 2202) and its A shares listed on the Shenzhen Stock Exchange (stock code: 000002). As of the Latest Practicable Date, China Vanke was owned as to approximately 27.88% by Shenzhen Metro Group Co., Ltd, being the largest shareholder of China Vanke. Shenzhen Metro Group Co., Ltd was wholly owned by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission. China Vanke is principally engaged in property development and property investment in the PRC. Each of Wanqing, Wanhu, Wanmazhengxian, Yingda Investment Fund, Wanshuzhimiao and Wanhuquanyuan is a limited liability company established under the laws of the PRC and is wholly-owned by China Vanke. Each of Wanqing, Wanhu, Wanmazhengxian, Wanshuzhimiao and Wanhuquanyuan is principally engaged in financial and enterprise management consulting business while Yingda Investment Fund is principally engaged in investment holding activities.

DELINEATION OF BUSINESSES

The table below sets forth the principal businesses of our Group and the Retained China Vanke Group, respectively, as of the Latest Practicable Date:

	Principal Business Activities
Our Group	provision of services in community, commercial and urban spaces, covering segments in community space living consumption services, commercial and urban space integrated services and AIoT and BPaaS solution services
The Retained China Vanke Group	property development business, commercial property development and operation business ⁽¹⁾ , rental housing business and logistics and warehousing services business

Note (1): References to commercial development and operational businesses of China Vanke as disclosed in this Prospectus shall mean the retail property development and operation business as disclosed in China Vanke's annual reports.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, apart from its interests in our Group, the Retained China Vanke Group, through its subsidiaries, joint ventures and associated companies, is also interested in the following businesses which may be considered as having a similar nature to that of the businesses of our Group, being logistics and warehousing ancillary management services, commercial operational services and SCPG commercial property services as detailed below (collectively, the “**Similar Businesses**”).

Our Directors are of the view that given there is a clear delineation between our businesses and the Similar Businesses as illustrated below, the interests of the Retained China Vanke Group in the Similar Businesses do not, and will not, give rise to (i) any direct or indirect competition between our Group and the Retained China Vanke Group in any material aspect; or (ii) any actual or potential conflict of interest between our Group and the Retained China Vanke Group in any material aspect.

Logistics and Warehousing Ancillary Management Services

The Retained China Vanke Group provides comprehensive logistics and warehousing services through Vanke Logistics Development Co., Ltd. (萬科物流發展有限公司) (“**VX Logistic Properties**”, together with its subsidiaries operating such business are collectively hereinafter referred to as the “**Vanke Logistics and Warehousing Services Platform**”). As of the Latest Practicable Date, the Retained China Vanke Group was interested in 75% of VX Logistic Properties, an integrated warehousing and cold chain logistic service provider.

The Vanke Logistics and Warehousing Services Platform focuses on the development of two core business lines, namely high-standard warehouse and cold storage, and provides full spectrum of services with respect to the two core business lines. As an internal function and inseparable part amongst the course of the operation of logistics and warehousing services businesses of the Vanke Logistics and Warehousing Services Platform and to achieve synergy effect, the Vanke Logistics and Warehousing Services Platform provides ancillary management services to the logistics parks and warehousing and cold storage facilities operated or managed by the Retained China Vanke Group internally (the “**Vanke Logistics and Warehousing Ancillary Management Services**”). Such management services are of ancillary nature to the principal business of the Retained China Vanke Group. Given the unique operations of logistics parks as well as warehousing and cold storage facilities, the Vanke Logistics and Warehousing Ancillary Management Services involve a variety of ancillary management services being provided to the relevant projects operated or managed by the Vanke Logistics and Warehousing Services Platform. Such services typically include, for example, (a) the maintenance and repair of logistics or warehousing-related equipment and facilities (including cold-storage equipments); (b) for the frequent entry and exit of cargos, the inclusion of a planned route to ensure the safety and improve operation efficiency of the parks; (c) emergency reaction plans in the parks, such as preservation of the park in response to extreme weather conditions; and (d) customer operations during peak period, including the operation assistance services during promotion periods such as 618, Double 11 and other shopping festivals.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As disclosed in the annual reports of China Vanke, (i) as of December 31, 2021, the Vanke Logistics and Warehousing Services Platform operated and managed a total of 152 warehousing projects in 46 cities across the PRC, with a leasable floor area of 11.36 million sq.m.; and (ii) revenue generated from the logistics and warehousing business (including unconsolidated items) operated by Vanke Logistics and Warehousing Services Platform, which included but was not limited to that generated from the provision of the Vanke Logistics and Warehousing Ancillary Management Services, amounted to less than 1% of China Vanke's total revenue for each of the three years ended December 31, 2019, 2020 and 2021.

The Vanke Logistics and Warehousing Ancillary Management Services only involve provision of internal ancillary management services to the logistics parks as well as warehousing and cold storage facilities operated or managed by the Vanke Logistics and Warehousing Services Platform. We believe there is distinct business focus between our Group and the Vanke Logistics and Warehousing Services Platform, and the Vanke Logistics and Warehousing Ancillary Management Services serve as an internal function of the whole package arrangement of logistics and warehousing services and supply chain solutions offered by VX Logistic Properties. Such internal ancillary management services do not constitute an independent source of revenue but an internal function amongst the whole service package offering. In contrast, our provision of property and facility management services for industrial/logistics parks and warehouses constitute part of the various types of properties we manage under the business line of property and facility management services. Our services generally focus on basic property management functions such as cleaning, greening, security and repair and maintenance, representing the different business focus between our services and the Vanke Warehousing Ancillary Management Services.

In addition, we provide property and facility management services to a significantly more diversified types of customers and only commenced to provide such services to industrial/logistics parks and warehouses in the year 2020. During the two years ended December 31, 2020 and 2021 and the three months ended March 31, 2022, we provided property and facility management services to eight, thirteen and fifteen industrial/logistic parks and warehouses, respectively. The revenue generated and profit recorded therefrom merely accounted for less than 1% of our total revenue of the relevant period and less than 1% of our profit of the relevant period, accounting for a rather insignificant portion of our businesses taken as a whole. For the two years ended December 31, 2020 and 2021 and the three months ended March 31, 2022, we offered property and facility management services for industrial/logistics parks and warehouses covering a total of 2.4 million sq.m., 2.6 million sq.m. and 2.8 million sq.m., respectively. Further, none of the industrial/logistics parks or warehouses to which we provided services are owned or operated or managed by the Retained China Vanke Group and therefore, there has been no overlap with the Vanke Logistics and Warehousing Ancillary Management Services in terms of customer coverage.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Vanke Logistics and Warehousing Services Platform and our Group are operated and managed independently. As of the Latest Practicable Date, Mr. Zhang Xu, our non-executive Director, has also served as the chairman and general manager of VX Logistic Properties. However, Mr. Zhang Xu, in his capacity as our non-executive Director, is primarily responsible for the provision of guidance for the overall development of our Company and is not involved in the daily management of our businesses. Save as disclosed above, none of the directors or senior management of the VX Logistic Properties overlaps with our Directors or is otherwise involved in the day-to-day operations of our Group.

Based on the above, we consider the Vanke Logistics and Warehousing Ancillary Management Services is clearly delineated from our business in all material aspects.

Commercial Operational Services

The commercial property development and operation business constitutes one of the principal businesses of the Retained China Vanke Group, which covers investment, development and operation and management of commercial properties with commercial operational services being one of the services offered thereunder. The Retained China Vanke Group, through certain of its subsidiaries, joint ventures and associated companies⁽¹⁾ (collectively, the “**Relevant Vanke Commercial Entities**”), is engaged in commercial operational services of commercial properties invested, constructed or operated by the Relevant Vanke Commercial Entities (collectively, the “**Vanke Commercial Properties**”), primarily including shopping malls, offices and industry parks. The Relevant Vanke Commercial Entities provide commercial operational services based on China Vanke’s strategic positioning of “city and town developer and service provider” (城鄉建設與生活服務商). Such commercial operational services include, among others, leasing of commercial properties, design and positioning of commercial properties, tenants sourcing, tenants relationship management, publicity services and consumer management services.

With a view to seeking long-term maximization of its own market value and developing future-oriented long-term competitive advantage as a “city and town developer and service provider”, the Relevant Vanke Commercial Entities have ownership interests and assume the role of owner/investor in a majority of the Vanke Commercial Properties with specific brand names. In connection therewith, in respect of the commercial operational business, the Relevant Vanke Commercial Entities lease commercial properties owned in return for rental income and also achieve synergy effect with other business lines of the Retained China Vanke Group (such as property development and rental housing) in terms of promotion of brand image, customer awareness and sourcing of new business opportunities. Further, given the Relevant Vanke Commercial Entities assume the role of owner/investor in a majority of the Vanke Commercial Properties, the commercial operational services form an integral and inseparable part amongst the entire service package offered by the Relevant Vanke Commercial Entities to the tenants/property owners which is imperative to enhance their experience with the Relevant Vanke Commercial Entities.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As disclosed in the annual reports of China Vanke, (i) as of December 31, 2021, a total of approximately 11.39 million sq.m. gross floor area were in operation across the PRC covered by the Relevant Vanke Commercial Entities; and (ii) revenue generated from the commercial property development and operation business (including non-consolidated items), which included but was not limited to that generated from the commercial operational services offered by the Relevant Vanke Commercial Entities, amounted to less than 2% of China Vanke's total revenue for each of the three years ended December 31, 2019, 2020 and 2021.

In contrast, unlike the Retained China Vanke Group, we are not engaged in commercial property development business. With respect to our commercial operational services, we only serve as an operational services provider and do not have any ownership interest of such commercial properties. As such, our commercial operational business has no particular focus or target on long-term branding and does not include any leasing of commercial properties, which is believed to represent a clear delineation from the commercial operational services provided by the Relevant Vanke Commercial Entities in terms of business strategy and services offerings. We only started to engage in commercial operational services after completion of the acquisitions of Bon Property and Yango Intelligent in the second half of the year 2021 as each of Bon Property and Yango Intelligent is engaged in certain commercial operational services including, among others, design and planning, tenants sourcing, event planning and tenants relationship management services. The projects operated by Bon Property and Yango Intelligent primarily include shopping malls and offices, most of which are commercial properties developed by developers who were their then respective associate or controlling shareholder prior to our acquisitions. As such, subsequent to our acquisitions of Bon Property and Yango Intelligent, neither Bon Property nor Yango Intelligent or any member of our Group holds any ownership interest or assumes the role as owners/investors in such commercial properties. Such acquired commercial operational services do not constitute our principal business or primary source of revenue. Our revenue generated and profit recorded from commercial operational services accounted for less than 1% of our total revenue and less than 3% of our profit during the year ended December 31, 2021 and the three months ended March 31, 2022, respectively. As of December 31, 2021 and March 31, 2022, such acquired commercial operational services covered a total of 1.7 million sq.m. and 2.4 million sq.m. gross floor area, respectively. The business strategies of our Group include, among others, continuing to strengthen our brand influence and leverage on the success of our core brands *Vanke Service* and *Cushman & Wakefield Vanke Service* as well as our existing brand portfolio, further improving our overall technology capabilities, expanding our service offerings by virtue of being customer centric, continuously optimizing our "Onewo Town" model and driving for our sustainable growth. For further details, see "Business – Our Strategies." In line with our business focus, strategies and service capabilities, commercial operational services, which only accounted for an insignificant portion of revenue in terms of our service offerings during the Track Record Period, does not form a principal business of our Group. Further, our Group has no plan to focus additional resources on developing commercial operational services into part of our principal business or primary source of revenue.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Relevant Vanke Commercial Entities and our commercial operational services are operated and managed independently. As of the Latest Practicable Date, Ms. Han Huihua, our Supervisor, has also served as a director of one of the Relevant Vanke Commercial Entities. However, Ms. Han Huihua, in her capacity as our Supervisor, is not involved in the daily management of our businesses. Save as disclosed above, none of the directors or senior management of Relevant Vanke Commercial Entities overlapped with our Directors or is otherwise involved in the day-to-day operations of our Group.

Based on the above, we consider the commercial operational services of the Relevant Vanke Commercial Entities are clearly delineated from the commercial operational services of our Group in all material aspects.

Note (1): The Relevant Vanke Commercial Entities include, among others, SCPG Holdings Co., Limited (印力集團控股有限公司) (“**SCPG**”) and its subsidiaries (collectively, the “**SCPG Group**”). SCPG was founded in 2003, since 2016 and as disclosed in the 2021 annual report of China Vanke, the SCPG Group has been a commercial property development and operation capability platform of China Vanke and has principally engaged in investment, development, operation and management of shopping centers with business spanning over the whole value chain of commercial real estate across the PRC. The brands of shopping centers ran and managed by SCPG Group primarily include “Incity (印象城)”, “Inreach (印象匯)” and “Vanke Mall (萬科廣場).” As of the Latest Practicable Date, SCPG was accounted as an associated company of China Vanke and its financial statements had not been consolidated into China Vanke. During the Track Record Period, the SCPG Group and our Group had not competed with each other on commercial operational services projects through direct engagement or tendering.

SCPG Commercial Property Services

Shenzhen SCPG Property Services Company Limited (深圳市印力物業服務有限公司) (“**SCPG Property Services**”), a wholly-owned subsidiary of SCPG, is engaged in commercial property services by providing property and facility management services to the commercial properties operated by the SCPG Group (the “**SCPG Commercial Property Services**”).

SCPG Property Services, being an in-house property and facility management service provider of the SCPG Group, only provides property management services to commercial properties operated by the SCPG Group and does not participate in public bidding for property services provider initiated by other third parties. SCPG Property Services serves as an internal function of the SCPG Group and provides ancillary property services such as cleaning, security or facility management. As disclosed in the 2021 annual report of China Vanke, as of December 31, 2021, (i) the SCPG Group unveiled a total of 105 commercial projects (including 25 community commercial projects and 32 management provision projects) with a gross floor area of 8.75 million sq.m.; and (ii) its floor area of retail property projects under planning and under construction was 1.027 million sq.m.. In contrast, our Group provides property and facility management services ranging from security services, cleaning and greening services, facility operation and maintenance services and environment, health and safety management to a significantly more diversified types of commercial real estate, including offices spaces, commercial complex and industrial parks operated and managed by various clients other than SCPG Group, which we believe to be a clear delineation in terms of business focus and customer coverage. For further details of our property and facility management services, see “Business — Commercial and Urban Space Integrated Services — Property and Facility

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management Services.” Further, SCPG Property Services, as of the Latest Practicable Date, intends to continue focusing its role as an in-house property and facility management service provider to provide property management services to commercial properties operated by the SCPG Group only.

The commercial property services required by the SCPG Group are generally provided by SCPG Property Services, and we only provide commercial property services to the commercial properties operated the SCPG Group in the event that SCPG Property Services does not take up such role due to its own limitations in geographical coverage and to attain resources efficiency. In such circumstances, we are mostly engaged directly to provide commercial property services to SCPG Group’s commercial properties and may occasionally participate in the public bidding for commercial property services initiated by the SCPG Group. As of December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, we managed a total of 9, 23 and 26 and 27 projects operated by the SCPG Group, and most projects we managed in 2020, 2021 and the three months ended March 31, 2022 were obtained through direct engagement. For the three years ended December 31, 2019, 2020 and 2021, we participated in the public bidding initiated by the SCPG Group for a total of 11, 2 and 2 projects with a tender success rate of approximately 81.8%, 100% and 100%, respectively. We did not participate any public bidding initiated by the SCPG Group for the three months ended March 31, 2022. Accordingly, when we accept such direct engagement or in the event that we win public bidding, SCPG Group would constitute our customer through our provision of property and facility management services and hence establishing business relationship between our Group and the SCPG Group. For the three years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, revenue generated and profit recorded from the property and facility management services provided to the SCPG Group only accounted for less than 1% of our total revenue of the relevant period and less than 1% of our profit of the relevant period and covering less than 2.7 million sq.m. gross floor area of the relevant period, which were rather insignificant to our revenue stream derived from the commercial and urban space integrated services and in terms of gross floor area.

The SCPG Commercial Property Services and our Group are operated and managed independently. As of the Latest Practicable Date, SCPG was accounted as an associated company of China Vanke, and the Retained China Vanke Group does not exercise statutory or management control over any subsidiary of the SCPG Group (including SCPG Property Services). As such, the SCPG Group (including SCPG Property Services) are not consolidated into the financial statements of the Retained China Vanke Group. Furthermore, none of the directors or senior management of SCPG Property Management overlapped with our Directors or was otherwise involved in the day-to-day operations of our Group.

Based on the above, we consider the SCPG Commercial Property Services are clearly delineated from the commercial property services of our Group in all material aspects, which also do not compete with each other in the provision of commercial property services to any commercial property projects. It is considered impractical and there is currently no intention to inject SCPG Property Services into the Group. The Retained China Vanke Group does not hold a controlling interest over members of the SCPG Group (including the SCPG Property

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Services), who has its own well-developed business strategies and development plan. Further, the SCPG Property Services, being an in-house property facility management services provider of SCPG Group, provides commercial property services that are inseparable from SCPG Group's ordinary course of business operations and currently has no intention to expand its business footprint to projects operated by third parties other than SCPG Group.

For measures in place to manage the potential conflict of interests arising from the Similar Businesses, please refer to the sub-section headed “— Corporate Governance Measures” below.

REASONS FOR EXCLUSION OF THE SIMILAR BUSINESSES FROM OUR GROUP

Our Directors are of the view that it would be commercially justifiable to exclude the Similar Businesses from our Group:

- ***Clear delineation and limited strategic value.*** We believe that the Similar Businesses clearly delineate from our principal businesses in all material aspects for the reasons demonstrated above, and given such clear delineation, it is commercially sound not to include the Similar Businesses in our Group.
- ***Diversion of management attention and resources.*** The operation, expansion and development of the Similar Businesses will require additional management and internal resources and may divert our management's attention and time from the operation and development of our principal businesses. Further, having considered that the Similar Businesses are not in line with the business strategy and development of our principal businesses, any injection of the Similar Businesses into our Group would require additional, onerous and unnecessary input of costs and resources by our Group.
- ***Different skill set and experience required.*** The skill set or experience required for the provision of Similar Businesses and our principal businesses are different. With distinct business focus, customer coverage and types of services, the Similar Businesses require employees, facilities and expertise in operation and development which are different from our businesses. Therefore, we believe it is not commercially justifiable to include the Similar Businesses into our Group.
- ***Clear investment focus.*** Our Directors are of the view that the exclusion of the Similar Businesses, which are either not in line with our core business or only contribute to an insignificant portion of our trading results during the Track Record Period, will provide our Shareholders and potential investors of our Company with a clearer investment focus on the ground that our Group and the Similar Businesses operate independently with different objectives and business strategies.

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DISCLOSURE OF DIRECTORS' INTERESTS PURSUANT TO RULE 8.10(2) OF THE LISTING RULES

Set out below are interests of Mr. Yao Jinbo (姚勁波) (“**Mr. Yao**”), a non-executive Director, in businesses which may compete, either directly or indirectly, with our business for the purpose of Rule 8.10(2) of the Listing Rules as of the Latest Practicable Date (collectively, the “**Relevant Director Businesses**”).

Company	Interest of Mr. Yao	Principal Business Activities
Anjuke Group Inc. (“ Anjuke ”)	Executive director, chairperson, chief executive officer and a controlling shareholder	an open online platform for real estate information and transaction services in China
Siweideng Real Estate Consultant Group Co., Ltd. (斯維登置業顧問集團有限公司) (“ Siweideng ”)	Director	a global accommodation operator focusing on the provision of chain-owned homestay, apartments and villas

Our Directors are of the view that there is neither any substantial competition between our businesses and the Relevant Director Businesses, nor any material conflict of interests arising from Mr. Yao’s position and shareholding in Anjuke and Siweideng, having taken into account that (a) our Company is a leading service provider in community, commercial and urban spaces, which offers, among others, home sale and rental brokerage services as an extension of our residential property services only while (i) Anjuke focuses on developing its online real estate service platform business and serves as an intermediary and (ii) Siweideng is a global accommodation operator focusing on the provision of chain-owned homestay, apartments and villas; and (b) the role of Mr. Yao in our Company is non-executive in nature and he has not involved in the day-to-day management of the operations of our Group.

Mr. Yao confirms he is also aware of his fiduciary duties as a Director which require, among other things, that he must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his personal interests. In the event that there is a potential conflict of interest arising out of Mr. Yao’s positions held in the Relevant Director Businesses, Mr. Yao shall abstain from voting on any resolutions of our Board approving any contract or arrangement or any other proposal in which he has a material interest and shall not be counted in the quorum present at the relevant meeting of our Board.

Save as disclosed above, our Directors, including our independent non-executive Directors, are of the view that to the best of their knowledge and belief after making reasonable enquiries, none of the members of our Controlling Shareholders Group, their respective close associates or any of our Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of our Group, which would require disclosure under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

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OUR RELATIONSHIP WITH CHINA VANKE GROUP

China Vanke Group is a leading property developer in the PRC. According to Chinese Real Estate Industry Association (中國房地產業協會) and China Real Estate Appraisal Center (中國房地產測評中心), China Vanke ranked first among “Top 500 Real Estate Development Enterprises in China” (中國房地產開發企業500強) in terms of comprehensive strength in 2021.

Our Group has a well-established and ongoing business relationship with the China Vanke Group whereas we do not have significant reliance on the China Vanke Group to source projects or generate revenue. We have provided property services to the projects of the China Vanke Group for 28 years. As of December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, (a) for residential property services under the community space living consumption services segment, approximately 57.8%, 56.9%, 49.5% and 49.2% of our total GFA under management was developed by the China Vanke Group and its joint ventures or associated companies, respectively; and (b) for property and facility management services under the commercial and urban space integrated services segment, approximately 23.3%, 18.5%, 15.3% and 14.4% of our total GFA under management was developed or held by the China Vanke Group and its joint ventures or associated companies, respectively. For the three years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, out of our total revenue, (a) our revenue generated from the China Vanke Group and its joint ventures or associates under community space living consumption services amounted to 2.3%, 2.3%, 2.1% and 1.7%, respectively; (b) our revenue generated from the China Vanke Group and its joint ventures or associates under the commercial and urban space integrated services amounted to 9.5%, 12.5%, 12.3% and 9.5%, respectively; and (c) our revenue generated from the China Vanke Group and its joint ventures or associates under AIoT and BPaaS solution services amounted to 3.6%, 3.7%, 4.8% and 4.0%, respectively.

We consider that the business relationship between our Group and the China Vanke Group has been mutually beneficial, complementary and stable, which is common among property service providers and their parent companies in the PRC, according to Frost & Sullivan. Over years of cooperation, both our Group and the Retained China Vanke Group have developed a mutual and deep understanding of the business operations of each other. Our Group is familiar with the Retained China Vanke Group’s specific requirements and expected deliverables, which has been conducive to reduce communication costs of our Group and the Retained China Vanke Group, accumulate knowledge and experience of service provisions to the Retained China Vanke Group, and build mutual trust. This has enabled us to constantly provide the high-quality property services that met the Retained China Vanke Group’s specific requirements. In addition, our Group has a proven track record of providing tailored quality services, which assisted to enhance the Retained China Vanke Group’s brand image, thereby attracting more customers to purchase properties from the Retained China Vanke Group, and will in turn bring more business to our Group. Going forward, based on our mutual and complementary business relationship, we believe that it may also not be in the best interest of the Retained China Vanke Group to engage a new service provider in place of our Group, considering the time required and the uncertainties involved for the Retained China Vanke Group to engage a new service provider which is able to provide equally satisfactory services. We consider we have competitive advantage which distinguishes us from our competitors and we believe we will continue to secure future engagements from the Retained China Vanke Group.

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Having considered the abovementioned factors, including (a) the long standing cooperation relationship between our Group and the Retained China Vanke Group; (b) our Group's familiarity with the Retained China Vanke Group's requirements and capability to provide services with quality; (c) the mutual benefits for both our Group and the Retained China Vanke Group to maintain such reciprocal relationship; and (d) the fact that our Group will continue to be a consolidated subsidiary of China Vanke after completion of the Spin-off, our Directors are of the view that the current relationship between our Group and the Retained China Vanke Group is unlikely to be materially adversely changed or terminated.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS GROUP

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our businesses independently of members of our Controlling Shareholders Group and their respective close associates (other than our Group) after the Listing.

Management Independence

Our businesses are managed and conducted by our Board and senior management. Our Board comprises 11 Directors comprising two executive Directors, five non-executive Directors and four independent non-executive Directors.

Upon Listing, save as (i) Mr. Wang Wenjin, our non-executive Director, who serves as director and holds management positions in various members of the Retained China Vanke Group, including serving as the chairman of Yingda Investment Fund, a member of the Retained China Vanke Group; (ii) Mr. Zhang Xu, our non-executive Director, who serves as director and holds management positions in various members of the Retained China Vanke Group, including being the director of VX Logistic Properties, a member of the Retained China Vanke Group; and (iii) Mr. Sun Jia, our non-executive Director, who serves as director and holds management positions in various members of the Retained China Vanke Group, including being the chief partner and chief executive officer of southern regional business group of the China Vanke, the chairman of Shenzhen Vanke Development Company Limited (深圳市萬科發展有限公司), a member of the Retained China Vanke Group, and the chairman of Vanke Overseas Investment Holding Company Limited, a member of the Retained China Vanke Group which is also listed on the Main Board of the Stock Exchange (stock code: 1036), none of our Directors holds directorship or senior management position in any member of our Controlling Shareholders Group or their respective close associates.

Each of Mr. Wang Wenjin, Mr. Zhang Xu and Mr. Sun Jia is our non-executive Director who is not involved in the day-to-day management and operations of our businesses. In addition, save as disclosed above, there is no overlap of the senior management members between our Group and any member of our Controlling Shareholders Group and their respective close associates. In particular, none of our executive Directors will hold any executive or management position with the Retained China Vanke Group upon the Listing. Our senior management team will carry out the business operations of our Group independently from members of our Controlling Shareholders Group and their respective close associates.

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Notwithstanding the overlapping Directors, our Directors consider that our Board and senior management will function independently of members of our Controlling Shareholders Group and their respective close associates for the following reasons:

- (i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under the Articles of Association and/or the Listing Rules;
- (iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions, abstain from voting and will be excluded from deliberation by our Board. We believe our Directors with no overlapping directorships in the Retained China Vanke Group have the requisite qualifications, integrity and experience to maintain an effective Board and observe their fiduciary duties in an event of conflict of interests. Please refer to the section headed “Directors, Supervisors and Senior Management — Directors” in this Prospectus for the relevant experience and qualifications of our Directors;
- (iv) our Group has and will have a sufficient level of independence of directorship and management and a team of full-time senior management and employees focused exclusively on its businesses;
- (v) all of the other Directors are independent of Mr. Wang Wenjin, Mr. Zhang Xu and Mr. Sun Jia, and decisions of the Board require the approval of a majority vote from the Board; and
- (vi) we have appointed four independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently from members of our Controlling Shareholders Group and their respective close associates after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational Independence

Although our Controlling Shareholders Group will retain a controlling interest in our Company upon Listing, our Directors consider that we are able to make decisions on, and to carry out, the business operations of our Company independently for the following reasons:

(i) ***The majority of our revenue is attributable to independent third party customers.***

The majority of our revenue is from third party customers, including third party property owners, third party tenants or third party property developers independent from members of our Controlling Shareholders Group, their respective joint ventures and/or associated companies. For the three years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, approximately 84.6%, 81.4%, 80.8% and 84.8% of our total revenue was generated from independent third party customers, respectively.

In addition, we do not solely rely on the Retained China Vanke Group for the source of projects and have been able to secure contracts for the provision of property services developed or held by third party property owners, enterprises and property developers. During the Track Record Period and as of the Latest Practicable Date, a significant portion of projects under our management was from third party customers. For residential property services under the community space living consumption services segment, as of December 31, 2019, 2020 and 2021 and March 31, 2022, approximately 42.2%, 43.1%, 50.5% and 50.8% of the total GFA of residential projects managed by our Group were developed by third party independent from members of our Controlling Shareholders Group, their respective joint ventures and/or associated companies. For property and facility management services under the commercial and urban space integrated services segment, as of December 31, 2019, 2020 and 2021 and March 31, 2022, approximately 76.7%, 81.5%, 84.7% and 85.6% of the total GFA of commercial projects managed by our Group were developed by third party independent from members of our Controlling Shareholders Group, their respective joint ventures and/or associated companies, respectively.

(ii) ***Licenses required for operation.*** We hold and enjoy the benefit of all relevant licences and permits material to the operation of our business.

(iii) ***Access to customers, suppliers and business partners.*** We have a large and diversified base of customers that are independent from members of our Controlling Shareholders Group and/or their respective close associates. The majority of our customers are third party property owners, third party enterprises or third party property developers independent from members of our Controlling Shareholders Group and/or their respective close associates. We have independent access to such customers, our suppliers as well as our other business partners.

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- (iv) **Employees.** As of the Latest Practicable Date, our full-time employees were primarily recruited independently from members of our Controlling Shareholders Group and their respective close associates and primarily through internal referrals and external sources such as recruiting websites.

- (v) **Operational facilities.** As of the Latest Practicable Date, save for the lease of certain properties from the Retained China Vanke Group to us for office use (the “**Property Leasing Transactions**”) as further described in the section headed “Connected Transactions — Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but Exempted from the Circular and Independent Shareholders’ Approval Requirements — Property Lease” of this Prospectus, all the properties and facilities necessary to our business operations are independent from members of our Controlling Shareholders Group and their respective close associates.

Despite of the Property Leasing Transactions, we believe we do not rely on the Retained China Vanke Group to secure our use of offices. In the event that the Retained China Vanke Group ceases to lease any of the properties to us, we would be able to find suitable alternatives from Independent Third Parties without substantial undue delay or inconvenience incurred to our operations.

The section headed “Connected Transactions” in this Prospectus sets out the continuing connected transactions between our Group and members of our Controlling Shareholders Group and/or their respective associates which will continue after completion of the Listing. All such transactions are determined after arm’s length negotiations and on normal commercial terms. We believe that we will be able to maintain the aggregate amounts of the continuing connected transactions with members of our Controlling Shareholders Group and/or their respective associates at a reasonable percentage with respect to our total revenues after the Listing. Accordingly, such continuing connected transactions are not expected to affect our operational independence as a whole. Save for the continuing connected transactions set out in the section headed “Connected Transactions” in this Prospectus, our Directors currently do not expect that there will be any other connected transactions between our Group and members of our Controlling Shareholders Group and/or their respective associates upon or shortly after the completion of the Listing.

Nevertheless, to address potential conflict of interests that may arise in the future, our Company has adopted certain corporate governance measures. Please refer to “— Corporate Governance Measures” for details.

Based on the above, our Directors are of the view that we are able to operate independently from members of our Controlling Shareholders Group after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial Independence

We have the ability to operate independently from members of our Controlling Shareholders Group and their respective close associates from the financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising mainly of independent non-executive Directors to oversee our accounting and financial reporting processes.

As of the Latest Practicable Date, none of the members of our Controlling Shareholders Group or their respective close associates had provided any loans, guarantees, pledges or advances of a non-trade nature to our Group, nor did our Group provide any loans, guarantees, pledges or advances of a non-trade nature to members of our Controlling Shareholders Group or their respective close associates.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from members of our Controlling Shareholders Group and their respective close associates.

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of the Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest arising from potential competition, if any, between our Group and members of our Controlling Shareholders Group and their respective close associates:

- (i) as part of our preparation for the Listing, we have amended our Articles of Association to comply with the Listing Rules which will become effective upon Listing. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall (1) declare any conflict of interests; and (2) abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;
- (ii) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed four independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, please refer to the section headed “Directors, Supervisors and Senior Management” in this Prospectus;

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- (iii) if a substantial Shareholder or a Director has a conflict of interest in a proposal which the Board has determined to be material, such matter should be dealt with by a Board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interests in the matter should be present at such Board meeting;
- (iv) our Company has established internal control mechanisms to identify connected transactions (including those with members of our Controlling Shareholders Group and their respective associates) and to ensure that the terms of our continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms, are in accordance with the agreement governing them on terms that are fair and reasonable and not prejudicial to the interests of our Company and the minority Shareholders. For further details, see the section headed “Connected Transactions — Internal Control Measures”;
- (v) upon the Listing, if our Company enters into connected transactions with any member of our Controlling Shareholders Group or any of their respective associates, our Company will comply with the applicable requirements under the Listing Rules, including but not limited to review of any connected transactions annually by our independent non-executive Directors and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;
- (vi) our Directors, including our independent non-executive Directors, will be entitled to seek independent professional advice from external parties in appropriate and reasonable circumstances at our Company’s expense;
- (vii) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements;
- (viii) we have appointed Altus Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance;
- (ix) our Audit Committee will conduct a review on the effectiveness of the above internal control measures from time to time;
- (x) in case where our Directors also hold positions in the Retained China Vanke Group, our Nomination Committee will from time to time review their suitability in terms of performing their duties as our Directors to ensure effective management of conflict of interest; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (xi) given China Vanke is dual listed on the Main Board of the Stock Exchange and the Shenzhen Stock Exchange. China Vanke and our Directors who also hold positions in the Retained China Vanke Group are subject to duties and obligations pursuant to Listing Rules and Shenzhen Stock Exchange Listing Rules and are required to comply with the applicable laws and regulations in both Hong Kong and the PRC, thus ensuring, among others, their decisions are made in the best interest of Shareholders as a whole.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders and their respective associates, and to protect minority Shareholders' interests upon the Listing.

CONNECTED TRANSACTIONS

We have entered into a number of agreements or transactions with our connected persons in our ordinary and usual course of business. Upon the Listing, the transactions disclosed in this section will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

Pursuant to Chapter 14A of the Listing Rules, substantial shareholders (including controlling shareholders) and any of their respective associates, among others, are connected persons of our Company upon the Listing.

China Vanke is a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Hong Kong Stock Exchange (stock code: 2202) and Shenzhen Stock Exchange (stock code: 000002), respectively. Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), China Vanke will be, directly and indirectly, interested in approximately 56.60% of our enlarged total share capital and remain as our Controlling Shareholders, and therefore constitute a connected person of our Company.

SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

Nature of Transaction	Counterparty	Applicable Listing Rules	Waiver Sought
Continuing connected transactions fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements			
Trademark License	China Vanke	Rules 14A.76(1)(a) and 14A.105 of the Listing Rules	N/A
Technology System Usage and Maintenance Services	Members of the Retained China Vanke Group and their respective associates	Rules 14A.76(1)(a) and 14A.105 of the Listing Rules	N/A
Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempted from the circular and independent shareholders' approval requirements			
Property Lease	Members of the Retained China Vanke Group and their respective associates	Rules 14A.76(2)(a) and 14A.105 of the Listing Rules	Announcement requirement
Continuing connected transactions subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements			
Property Services	Members of the Retained China Vanke Group and their respective associates	Rule 14A.105 of the Listing Rules	Announcement and independent Shareholders' approval requirements

CONNECTED TRANSACTIONS

Nature of Transaction	Counterparty	Applicable Listing Rules	Waiver Sought
Value-added Services	Members of the Retained China Vanke Group and their respective associates	Rule 14A.105 of the Listing Rules	Announcement and independent Shareholders' approval requirements
AIoT and BPaaS Solution Services	Members of the Retained China Vanke Group and their respective associates	Rule 14A.105 of the Listing Rules	Announcement and independent Shareholders' approval requirements
Property Agency Services	Members of the Retained China Vanke Group and their respective associates	Rule 14A.105 of the Listing Rules	Announcement and independent Shareholders' approval requirements

CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

(A) Trademark License

On September 13, 2022, our Company entered into a trademark license agreement (the “**Trademark License Agreement**”) with China Vanke, pursuant to which China Vanke agreed to irrevocably and unconditionally grant to us non-transferrable and exclusive licenses to use certain trademarks registered in the PRC (the “**Licensed Trademarks**”) for a perpetual term commencing from the date of the Trademark License Agreement on a royalty-free basis so long as China Vanke remains the single largest shareholder of our Company. For details of the Licensed Trademarks which are material to our business, please refer to “Statutory and General Information — 2. Further Information about Our Business — B. Our Material Intellectual Property Rights” in Appendix VI to this Prospectus. Unless obtaining prior consent from our Company, China Vanke cannot transfer the Licensed Trademarks or grant the rights of using the Licensed Trademarks to others, and China Vanke has also undertaken to renew and maintain the registration of the Licensed Trademarks for so long as the Trademark License Agreement is in effect.

We believe that the entering into of the Trademark License Agreement with a term of more than three years can ensure the stability of our operations, and is beneficial to us and the Shareholders as a whole. The Joint Sponsors are of the view that it is not uncommon business practice for agreements of this type to be of such duration.

As the right to use the Licensed Trademarks is granted to us on a royalty-free basis, the transactions under the Trademark License Agreement fall within the *de minimis* threshold under Rule 14A.76 of the Listing Rules and will be exempted from the reporting, annual review and announcement requirements and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

(B) Technology System Usage and Maintenance Services

On September 13, 2022, our Company (for itself and on behalf of its subsidiaries) entered into a framework technology system usage and maintenance services agreement (the “**Framework Technology System Usage and Maintenance Services Agreement**”) with China Vanke (for itself and on behalf of members of the Retained China Vanke Group and their respective associates), pursuant to which members of the Retained China Vanke Group and their respective associates agreed to provide our Group with technology system usage and maintenance services. The technology system usage and maintenance services include (i) the purchase of network infrastructure resources; and (ii) the grant of rights of using certain non-essential information system and software (such as electronic signature contract software) and the provision of maintenance services connected thereto (collectively, the “**Technology System Usage and Maintenance Services**”). The Framework Technology System Usage and Maintenance Services Agreement has a term commencing from the Listing Date to December 31, 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The definitive technology system usage and maintenance services agreements to be entered into between members of our Group and members of the Retained China Vanke Group and their respective associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Framework Technology System Usage and Maintenance Services Agreement.

For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, the total amount of fees paid by our Group to members of the Retained China Vanke Group and their respective associates in respect of the Technology System Usage and Maintenance Services was approximately RMB3.8 million, RMB7.8 million, RMB8.8 million and RMB2.4 million, respectively. The increase in the transaction amount for the year ended December 31, 2020 as compared to that for the year ended December 31, 2019 was primarily for the reason that we poured more resources into technology research and development, which resulted in our increasing demand for purchasing network infrastructure resources under the Technology System Usage and Maintenance Services.

The fees to be charged for the Technology System Usage and Maintenance Services shall be determined on arm’s length basis with reference to the prevailing market prices and prices for similar services offered by the Independent Third Parties. Our Directors estimate that the annual fee payable by our Group to members of the Retained China Vanke Group and their respective associates in respect of the Technology System Usage and Maintenance Services for each of the three years ending December 31, 2024 will not exceed RMB9.8 million, RMB10.3 million and RMB10.8 million, respectively.

The entering into of such transactions enables us to utilize the network infrastructure resources and information technology support from members of the Retained China Vanke Group and their respective associates as supplement to our existing information technology system and software in order to enhance the efficiency of our business operation, as well as technology research and development. Our Directors believe that the entering into of the Framework Technology System Usage and Maintenance Services Agreement and the terms thereof are fair and reasonable, and are in the interests of our Shareholders as a whole.

CONNECTED TRANSACTIONS

As the highest applicable percentage ratio under the Listing Rules in respect of the proposed annual caps under the Framework Technology System Usage and Maintenance Services Agreement is expected to be less than 0.1% on an annual basis, the transactions under the Framework Technology System Usage and Maintenance Services Agreement fall within *the de minimis* threshold under Rule 14A.76 of the Listing Rules and will be exempted from the reporting, annual review and announcement requirements and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPTED FROM THE CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Property Lease

On September 13, 2022, our Company (for itself and on behalf of its subsidiaries) entered into a framework property lease agreement (the "**Framework Property Lease Agreement**") with China Vanke (for itself and on behalf of members of the Retained China Vanke Group and their respective associates), pursuant to which our Group will lease certain properties from members of the Retained China Vanke Group (including their respective associates) for office use (the "**Property Lease**"). The Framework Property Lease Agreement has a term commencing from the Listing Date to December 31, 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The definitive property lease agreements to be entered into between members of our Group and members of the Retained China Vanke Group (including their respective associates) shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Framework Property Lease Agreement.

Historical transaction amounts

The following table sets out the total amount of fees incurred and payable by our Group to members of the Retained China Vanke Group and their respective associates in respect of the Property Lease during the Track Record Period:

For the year ended December 31,			For the three months ended March 31, 2022
2019	2020	2021	
RMB'000	RMB'000	RMB'000	RMB'000
16,063	20,649	23,797	6,702

The above historical transaction amounts represent approximately 1.5%, 1.5%, 1.3% and 1.4% of the total administrative expenses of our Group for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively.

CONNECTED TRANSACTIONS

Pricing terms

The fees to be charged for the Property Lease shall be determined on arm's length basis with reference to the historical transaction amounts during the Track Record Period and the prevailing market rent of similar properties located in similar areas offered by the Independent Third Parties.

Proposed annual caps and basis for determination

The following table sets forth the expected maximum fees payable by our Group to members of the Retained China Vanke Group and their respective associates annually in respect of the Property Lease for each of the three years ending December 31, 2024:

For the year ending December 31,		
2022	2023	2024
RMB'000	RMB'000	RMB'000
28,000	48,000	68,000

In arriving at the above proposed annual caps, our Directors have considered, among others, the following factors:

- the historical rental amounts in respect of the Property Lease during the Track Record Period;
- the terms and conditions, such as the size of leasing area and the rentals, under the existing lease agreements; and
- the expected increase in the size of our Group's office space for the two years ending December 31, 2023 and 2024 due to our Group's business expansion.

The increase in the proposed annual caps under the Property Lease as compared to the historical amounts during the Track Record Period and the annual increase in the proposed annual caps for the three years ending December 31, 2024 are primarily due to our Group's expansion of our offices resulting from our increasing demand for office space having considered the expected expansion of our business scale for the three years ending December 31, 2024.

CONNECTED TRANSACTIONS

Reasons and benefits of the transactions

Levering our long-term cooperation relationship with members of the Retained China Vanke Group and their respective associates, they had well performed the relevant contractual obligations at fair and reasonable prices in previous transactions. We believe continuing to lease properties from members of the Retained China Vanke Group and their respective associates would save our costs in sourcing new locations and avoid any incidental expenses for renting new offices, as well as enhancing the stability of business operations of our Group. Our Directors believe that the entering into of the Framework Property Lease Agreement and the terms thereof are fair and reasonable, and are in the interests of our Shareholders as a whole.

Implications under the Listing Rules

As the highest applicable percentage ratio under the Listing Rules in respect of the proposed annual caps under the Framework Property Lease Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Framework Property Lease Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

(A) Property Services

On September 13, 2022, our Company (for itself and on behalf of its subsidiaries) entered into a framework property services agreement (“**Framework Property Services Agreement**”) with China Vanke (for itself and on behalf of members of the Retained China Vanke Group and their respective associates), pursuant to which our Group agreed to provide property services including (i) residential property services in respect of the unsold residential properties developed and to be developed by members of the Retained China Vanke Group and their respective associates; and (ii) property and facility management services in respect of the commercial properties owned or used by members of the Retained China Vanke Group and their respective associates (the “**Property Services**”). The Framework Property Services Agreement has a term commencing from the Listing Date to December 31, 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The definitive property services agreements to be entered into between members of our Group and members of the Retained China Vanke Group (including their respective associates) shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Framework Property Services Agreement.

CONNECTED TRANSACTIONS

Historical transaction amounts

The following table sets out the total amount of fees incurred and payable by members of the Retained China Vanke Group and their respective associates to our Group in respect of the Property Services during the Track Record Period:

For the year ended December 31,			For the three months ended March 31, 2022
2019	2020	2021	RMB'000
RMB'000	RMB'000	RMB'000	RMB'000
469,877	661,402	823,020	154,187

The above historical transaction amounts represent approximately 3.4%, 3.6%, 3.5% and 2.3% of the revenue of our Group for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively.

The increase in the historical transaction amounts from 2019 to 2020 was primarily because of the increase in the number of newly delivered projects in relation to the Property Services and our expansion of service scope and types of the Property Services resulting from our integration with Cushman & Wakefield's property and facility management service business in 2020, and thereby our revenue generated from the Property Services increased during 2020.

Pricing terms

The fees to be charged for the Property Services will be determined after arm's length negotiations with reference to, where applicable, (i) the guidance rate published by the relevant government authorities (if applicable); (ii) the prevailing market rate (taking into consideration the location and condition of the properties); and (iii) the prices charged by us for providing comparable services to the Independent Third Parties.

Proposed annual caps and basis for determination

The following table sets forth the expected maximum fees payable to our Group by members of the Retained China Vanke Group and their respective associates annually in respect of the Property Services for each of the three years ending December 31, 2024:

For the year ending December 31,		
2022	2023	2024
RMB'000	RMB'000	RMB'000
936,000	1,078,000	1,244,000

In arriving at the above proposed annual caps, our Directors have considered, among others, the following factors:

- the historical transaction amounts and growth trend during the Track Record Period;

CONNECTED TRANSACTIONS

- the estimated revenue to be recognized in relation to the Property Services to be provided by us based on the existing contracts for the year ending December 31, 2022; and
- the estimated annual increase rate of the size and number of (i) the undelivered residential properties developed by members of the Retained China Vanke Group and their respective associates in respect of the residential property services and (ii) the commercial properties owned or used by members of the Retained China Vanke Group and their respective associates in respect of the property and facility management services for the three years ending December 31, 2024, with reference to (i) historical increasing trend in the corresponding transaction amounts during the Track Record Period and (ii) the prolonged sale cycle of the overall PRC real estate market due to, among others, the recent regulatory and governmental policy changes.

The increase in the proposed annual caps under the Framework Property Services Agreement as compared to the historical amounts during the Track Record Period was primarily due to the expected increase in (i) the number of residential properties to be developed by members of the Retained China Vanke Group and their respective associates; and (ii) the number of commercial properties owned or used by members of the Retained China Vanke Group and their respective associates under the Property Services for the three years ending December 31, 2024.

Reasons and benefits of the transactions

Leveraging our long-term cooperation relationship with the Retained China Vanke Group, members of the Retained China Vanke Group and their respective associates had strictly performed the relevant contractual obligations at fair and reasonable prices in previous transactions. Given the leading position and considerable market share of members of the Retained China Vanke Group and their respective associates in the real estate development industry in the PRC, by entering into the Framework Property Services Agreement, our Group can maintain a strategic cooperation relationship with members of the Retained China Vanke Group and their respective associates, providing high-quality Property Services to them. It enables us to ensure a stable source of income and also improve our competitiveness in providing consistent and high-quality property services to other customers of our Group. Our Directors believe that entering into of the Framework Property Services Agreement and the terms thereof are fair and reasonable, and are in the interests of our Shareholders as a whole.

Implications under the Listing Rules

As the highest applicable percentage ratio under the Listing Rules in respect of the proposed annual caps under the Framework Property Services Agreement is expected to be more than 5% on an annual basis, the transactions contemplated under the Framework Property Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

(B) Value-added Services

On September 13, 2022, our Company (for itself and on behalf of its subsidiaries) entered into a framework value-added services agreement (“**Framework Value-added Services Agreement**”) with China Vanke (for itself and on behalf of members of the Retained China Vanke Group and their respective associates), pursuant to which our Group agreed to provide value-added services to the properties owned or used by members of the Retained China Vanke Group and their respective associates, including but not limited to (i) sale center and model room management services; (ii) pre-delivery support services; and (iii) building maintenance services in respect of the properties developed by members of the Retained China Vanke Group and their respective associates (the “**Value-added Services**”). The Framework Value-added Services Agreement has a term commencing from the Listing Date to December 31, 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The definitive value-added services agreements to be entered into between members of our Group and members of the Retained China Vanke Group (including their respective associates) shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Framework Value-added Services Agreement.

Historical transaction amounts

The following table sets out the total amount of fees incurred and payable by members of the Retained China Vanke Group and their respective associates to our Group in respect of the Value-added Services during the Track Record Period:

For the year ended December 31,			For the three months ended March 31, 2022
2019	2020	2021	
RMB'000	RMB'000	RMB'000	RMB'000
1,121,721	1,974,290	2,635,669	620,507

The above historical transaction amounts represent approximately 8.1%, 10.9%, 11.1% and 9.1% of the revenue of our Group for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively.

The increase in the historical transaction amounts from 2019 to 2020 was primarily for the reasons that we commenced to offer building maintenance services (including after-sales property repair and maintenance services during the warrant period of residential properties) under the Value-added Services from the end of 2019 and such service volume substantially increased during 2020, which resulted in the increase in the corresponding transaction amounts in 2020.

The increase in the historical transaction amounts from 2020 to 2021 was mainly due to the increase in the size and number of the properties with respect to our building maintenance services under the Value-added Services in 2021.

CONNECTED TRANSACTIONS

Pricing terms

The fees to be charged for the Value-added Services will be determined after arm's length negotiations with reference to, where applicable, (i) the prevailing market prices of similar value-added services; (ii) the anticipated operation costs (including but not limited to the scope and standards of particular services to be offered, labor costs, administration costs and costs of materials); and (iii) the prices charged by us for providing comparable services to the Independent Third Parties.

Proposed annual caps and basis for determination

The following table sets forth the expected maximum fees payable to our Group by members of the Retained China Vanke Group and their respective associates annually in respect of the Value-added Services for each of the three years ending December 31, 2024:

For the year ending December 31,		
2022	2023	2024
RMB'000	RMB'000	RMB'000
2,729,000	2,706,000	2,703,000

In arriving at the above proposed annual caps, our Directors have considered, among others, the following factors:

- the historical transaction amounts during the Track Record Period;
- the estimated revenue to be recognized in relation to the Value-added Services to be provided by us based on the existing contracts for the year ending December 31, 2022; and
- the Company's anticipation that the transaction amounts of the Value-added Services in respect of the properties developed or used by members of the Retained China Vanke Group and their respective associates will remain stable for the three years ending December 31, 2024, after taking into account (i) the expected minor decrease in our Group's business volume of sale center and model room management services due to the prolonged sale cycle of residential properties, (ii) the expected minor decrease in our Group's business volume of the pre-delivery support services due to the increasingly intense competition with third-party service providers in such industry, and (iii) the expected moderate increase in our Group's business volume of the building maintenance services for the three years ending December 31, 2024 in light of our plan to continuously develop such business sector in the future.

The proposed annual caps under the Value-added Services Agreement for the three years ending December 31, 2024 remain stable because the overall transaction amounts of the Value-added Services are expected to be stabilized in the forthcoming three years.

CONNECTED TRANSACTIONS

Reasons and benefits of the transactions

Leveraging our long-term cooperation relationship with the Retained China Vanke Group, the Retained China Vanke Group had well performed the relevant contractual obligations at fair and reasonable prices in previous transactions. Given the Retained China Vanke Group's leading position and considerable market share in the real estate development industry in the PRC, our cooperation with the Retained China Vanke Group by entering into the Framework Value-added Services Agreement could result in (i) satisfaction of synergy effect of the real estate development business of members of the Retained China Vanke Group and their respective associates, and (ii) reduction of communication and transaction costs for our Group, and enables us to ensure a stable source of income and also improve our competitiveness in providing consistent and high-quality value-added services to other customers of our Group. Our Directors believe that entering into the Framework Value-added Services Agreement and the terms thereof are fair and reasonable, and are in the interests of our Shareholders as a whole.

Implications under the Listing Rules

As the highest applicable percentage ratio under the Listing Rules in respect of the proposed annual caps under the Framework Value-added Services Agreement is expected to be more than 5% on an annual basis, the transactions contemplated under the Framework Value-added Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(C) AIoT and BPaaS Solution Services

On September 13, 2022, our Company (for itself and on behalf of its subsidiaries) entered into a framework AIoT and BPaaS solution services agreement (the "**Framework AIoT and BPaaS Solution Services Agreement**") with China Vanke (for itself and on behalf of members of the Retained China Vanke Group and their respective associates), pursuant to which we agreed to provide AIoT and BPaaS solution services of (i) design, construction, operation and maintenance of smart property equipment and system, and related services (such as smart property consultancy services and integrated smart space solutions); and (ii) remote space operation services (such as intelligent urban space workflow management services and operation data analysis services) to members of the Retained China Vanke Group and their respective associates (the "**AIoT and BPaaS Solution Services**"). The Framework AIoT and BPaaS Solution Services Agreement has a term commencing from the Listing Date to December 31, 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The definitive AIoT and BPaaS solution services agreements to be entered into between members of our Group and members of the Retained China Vanke Group (including their respective associates) shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Framework AIoT and BPaaS Solution Services Agreement.

CONNECTED TRANSACTIONS

Historical transaction amounts

The following table sets out the total amount of fees incurred and payable by members of the Retained China Vanke Group and their respective associates to our Group in respect of the AIoT and BPaaS Solution Services during the Track Record Period:

For the year ended December 31,			For the three months ended March 31, 2022
2019	2020	2021	
RMB'000	RMB'000	RMB'000	RMB'000
481,086	566,336	874,506	194,994

The above historical transaction amounts represent approximately 3.5%, 3.1%, 3.7% and 2.8% of the revenue of our Group for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively.

The increase in the historical transaction amounts during the Track Record Period is primarily because of the increase in the business volume of the AIoT solution services as a result of our continuous development of our AIoT solution services during the years of 2020 and 2021.

Pricing terms

The fees to be charged for the AIoT and BPaaS Solution Services will be determined after arm's length negotiations with reference to, where applicable, (i) the prevailing market price (taking into consideration the scope of the services to be provided); (ii) the prices charged by us for providing comparable services to the Independent Third Parties; (iii) estimated operational costs (including but not limited to costs of materials); and (iv) the particular bidding terms and prices for the projects which are under bidding procedures.

Proposed annual caps and basis for determination

The following table sets forth the expected maximum fees payable to our Group by members of the Retained China Vanke Group and their respective associates annually in respect of the AIoT and BPaaS Solution Services for each of the three years ending December 31, 2024:

For the year ending December 31,		
2022	2023	2024
RMB'000	RMB'000	RMB'000
1,029,000	1,237,000	1,373,000

CONNECTED TRANSACTIONS

In arriving at the above proposed annual caps, our Directors have considered, among others, the following factors:

- the historical transaction amounts and growth trend during the Track Record Period;
- the estimated revenue to be recognized in relation to the AIoT and BPaaS Solution Services to be provided by us based on the existing contracts and the predicted delivery schedule of the projects thereunder for the year ending December 31, 2022; and
- the estimated annual increase rate of the revenue from existing contracts and the new contracts to be entered into with the Retained China Vanke Group in respect of the AIoT and BPaaS Solution Services for the three years ending December 31, 2024 with reference to (i) historical increasing trend in the corresponding transaction amounts during the Track Record Period, and (ii) predicted delivery schedule of the projects under existing contracts and new contracts.

Taking into account (i) the factor that the Retained China Vanke Group is in the course of implementing its strategy of establishment of smart communities, which would result in the increase of its demand for our AIoT and BPaaS Solution Services in its existing and newly developed properties; (ii) our continuous development of the AIoT and BPaaS Solution Services; and (iii) the estimated growth in the business volume of our AIoT and BPaaS Solution Services in the future, the proposed annual caps under the AIoT and BPaaS Solution Services are expected to be higher than the historical amounts during the Track Record Period and have annual increases for the three years ending December 31, 2024.

Reasons and benefits of the transactions

Leveraging our long-term relationship with the Retained China Vanke Group, members of the Retained China Vanke Group and their respective associates had well performed the relevant contractual obligations at fair and reasonable prices in previous transactions. Given the Retained China Vanke Group's future strategy of establishing smart communities and its expected increasing demand for the AIoT and BPaaS Solution Services from our Group, our cooperation with members of the Retained China Vanke Group and their respective associates by entering into the Framework AIoT and BPaaS Solution Services Agreement could result in satisfaction of synergy effect of the business of members of the Retained China Vanke Group and their respective associates, and it also enables us to ensure a stable source of income. Our Directors believe that entering into the Framework AIoT and BPaaS Solution Services Agreement and the terms thereof are fair and reasonable, and are in the interests of our Shareholders as a whole.

CONNECTED TRANSACTIONS

Implications under the Listing Rules

As the highest applicable percentage ratio under the Listing Rules in respect of the proposed annual caps under the Framework AIoT and BPaaS Solution Services Agreement is expected to be more than 5% on an annual basis, the transactions contemplated under the Framework AIoT and BPaaS Solution Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(D) Property Agency Services

On September 13, 2022, our Company (for itself and on behalf of its subsidiaries) entered into a framework property agency services agreement (the “**Framework Property Agency Services Agreement**”) with China Vanke (for itself and on behalf of members of the Retained China Vanke Group and their respective associates), pursuant to which our Group agreed to provide property agency services to members of the Retained China Vanke Group and their respective associates, and receive service fees as consideration. The property agency services mainly include conducting marketing and sale activities, sourcing potential clients to enter into property sale and purchase agreements in respect of (i) the residential and commercial property units; and (ii) the carpark space and other properties developed and to be developed by members of the Retained China Vanke Group and their respective associates (the “**Property Agency Services**”). The Framework Property Agency Services Agreement has a term commencing from the Listing Date to December 31, 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The definitive property agency services agreements to be entered into between members of our Group and members of the Retained China Vanke Group (including their respective associates) shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Framework Property Agency Services Agreement.

In addition, for the Property Agency Services with respect to the carpark space, our Group may be required to pay to members of the Retained China Vanke Group and their respective associates refundable deposits (the “**Deposits**”), further details of which are set out below.

Historical transaction amounts

The following table sets out the total amount of service fees incurred and payable by members of the Retained China Vanke Group and their respective associates to our Group in respect of the Property Agency Services during the Track Record Period:

For the year ended December 31,			For the three months ended March 31, 2022
2019	2020	2021	
RMB'000	RMB'000	RMB'000	RMB'000
69,989	153,591	215,565	69,753

CONNECTED TRANSACTIONS

The service fees charged by our Group under the Property Agency Services in respect of residential and commercial properties during the Track Record Period represented approximately 1.1% to 3.0% of the relevant sale prices of sold properties. The above historical transaction amounts represent approximately 0.5%, 0.8%, 0.9% and 1.0% of the revenue of our Group for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively. The substantial increase in the historical transaction amounts from 2019 to 2020 was primarily because of our focus on the development and promotion of the Property Agency Services in connection with unsold new homes during 2020, which resulted in the increase of the corresponding transaction amounts in 2020. In addition, we continued to develop and optimize our capacity of providing the Property Agency Services in connection with unsold new homes during 2021, which recorded an increase in the corresponding transaction amounts for 2021 as compared to those for 2020.

During the Track Record Period, we have made up-front Deposits to members of the Retained China Vanke Group and their respective associates in the ordinary and usual course of our provision of the Property Agency Services in respect of carpark space, and also made collection of the refunded Deposits from time to time. As of December 31, 2019, 2020 and 2021 and March 31, 2022, the balance of the Deposits we paid to members of the Retained China Vanke Group and their respective associates amounted to approximately RMB2,245 million, RMB1,763 million, RMB1,643 million and RMB1,619 million respectively, which represented approximately 13.9%, 9.3%, 5.7% and 5.7% of our Group's total assets as of December 31, 2019, 2020 and 2021 and March 31, 2022, respectively. The decrease in the historical balance of the Deposits at the end of 2020 as compared to that at the end of 2019 was primarily because of the increase in the amount of the Deposits refunded to our Group from members of the Retained China Vanke Group and their respective associates resulting from the increased sale volume of carpark space in 2020. For the years ended December 31, 2019, 2020 and 2021, the ratios of the aggregate amount of the Deposits refunded to our Group during the relevant year to the average of the beginning and ending balance of the Deposits for the relevant year, were approximately 23.7%, 20.7% and 17.9%, respectively.

Pricing terms

The service fees to be charged for the Property Agency Services with respect to the property units, the carpark space and other properties shall be determined on arm's length basis with reference to (i) the prevailing market price (taking into account the size, location and positioning of the property units, carpark space and other properties to be sold); and (ii) the rates of service fees charged by our Group for providing comparable property agency services to the Independent Third Parties. In addition to the factors above, the service fees to be charged for the Property Agency Services with respect to the carpark space shall generally be determined on the basis of the difference between the actual sale price paid by the ultimate purchasers and the pre-determined minimum sale prices (the "**Pre-determined Minimum Sale Price(s)**") set by members of the Retained China Vanke Group and their respective associates with reference to the prevailing market price, taking into account the size, location, market conditions and positioning of the carpark space available for sale.

CONNECTED TRANSACTIONS

As disclosed above, our Group charges the difference between the actual sale price and the Pre-determined Minimum Sale Price of the sold carpark space as our service fees in respect of the Property Agency Services of carpark space, which is not based on a fixed or pre-determined commission rate. For illustration purpose, based on the historical amounts of the service fees charged by our Group during the Track Record Period, our service fees under the Property Agency Services in respect of carpark space generally represented a range of approximately 8% to 59% of the actual sale price of the relevant sold carpark space, and such percentages vary due to factors such as location, sale cycle and market seasonality of relevant carpark space, and ancillary services provided to the ultimate purchasers of relevant carpark space.

Within one month after completion of the sale of carpark space, the amount of the charged Deposits in respect of such carpark space would be fully refunded to our Group and our Group would charge the service fees in the amount representing the difference between the actual sale price paid by the ultimate purchasers and the Pre-determined Minimum Sale Price of such carpark space. In the event that our Group fails to sell the carpark space upon the expiry of the service period provided under relevant definitive property agency services agreements, unless otherwise mutually agreed by the parties thereto, the outstanding Deposits in respect of such unsold carpark space would be fully refunded to our Group within one month after the expiry of such service period. The service period for the Property Agency Services with respect to the carpark space will be agreed by the parties to the definitive property agency services agreements on arm's length basis with reference to the size, location, market conditions and positioning of the carpark space to be sold. During the Track Record Period, the Deposits with respect to the carpark space paid by our Group generally represented approximately 40% to 60% of the Pre-determined Minimum Sale Price of the carpark space available for sale under the relevant projects. Such percentages varied and were determined with reference to the size and location of the relevant carpark space, as well as the then market condition in the locality. For carpark space located in prime area with high marketability, we may occasionally pay refundable Deposits amounting to approximately 90% to 100% of the Pre-determined Minimum Sale Price.

Proposed annual caps and basis for determination

The following table sets forth the expected (i) maximum service fees payable to our Group by members of the Retained China Vanke Group and their respective associates annually in respect of the Property Agency Services; and (ii) the maximum daily balance of the Deposits for each of the three years ending December 31, 2024:

	For the year ending December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Annual Caps of Service Fees	410,000	447,000	496,000
Maximum Daily Balance of the Deposits	1,643,056	1,643,056	1,643,056

CONNECTED TRANSACTIONS

In arriving at the above proposed annual caps of service fees, our Directors have considered, among others, the following factors:

- the historical transaction amounts and growth trend during the Track Record Period;
- the expected rate of service fees to be charged by our Group for the Property Agency Services in respect of the residential and commercial property units with reference to prevailing market rates for the three years ending December 31, 2024;
- the estimated Pre-determined Minimum Sale Price and the estimated prevailing market prices of the aggregate carpark space expected to be sold under the Property Agency Services during each of the three years ending December 31, 2024 with reference to the size, location, market conditions and positioning of such carpark space; and
- the estimated annual increase rate of the business volume of agency services with respect to unsold new homes under the Property Agency Services for the three years ending December 31, 2024 with reference to (i) historical increasing trend in the corresponding transaction amounts during the Track Record Period, (ii) our Group's plan of continuous development of agency services with respect to unsold new homes in the near future, and (iii) the prolonged sale cycle of the overall PRC residential real estate market due to, among others, the recent regulatory and governmental policy changes.

Taking into account (i) our continuous development and promotion of our agency services with respect to unsold new homes under the Property Agency Services, and (ii) the estimated growth in the business volume of our agency services in relation to unsold new homes under the Property Agency Services in the future, the proposed annual caps of the service fees under the Property Agency Services are expected to be higher than the historical amounts during the Track Record Period and have annual increases for the three years ending December 31, 2024.

In arriving at the above proposed maximum daily balance of the Deposits, since our Group currently intends to focus more resources on our agency services with respect to unsold new homes under the Property Agency Services and will not proactively expand our agency services with respect to carpark space in the near future, we expect to maintain the scale of the maximum daily balance of the Deposits not exceeding the balance of the Deposits as of December 31, 2021 in a foreseeable future. Taking into account the above, the annual caps of the maximum daily balance of the Deposits for the three years ending December 31, 2024 are proposed to be the same as the balance of the Deposits as of December 31, 2021.

CONNECTED TRANSACTIONS

Reasons and benefits of the transactions

Leveraging our long-term relationship with the Retained China Vanke Group, members of the Retained China Vanke Group and their respective associates had well performed the relevant contractual obligations at fair and reasonable prices in previous transactions. Given the considerable market share and reputation of members of the Retained China Vanke Group and their respective associates in the real estate development industry in the PRC, our cooperation with members of the Retained China Vanke Group and their respective associates by entering into the Framework Property Agency Services Agreement could reduce our sale costs of the Property Agency Services and also enable us to ensure a stable source of income in the future. Further, the payment of the Deposits enables our Group to obtain the exclusive right to provide the Property Agency Services in respect of the carpark space developed or to be developed by members of the Retained China Vanke Group and their respective associates, and such Deposits are of a refundable nature.

As advised by Frost & Sullivan, it is not uncommon for property agency service providers to pay up-front deposits in an amount equal to approximately 40% to 100% of the pre-determined minimum sale price of relevant carpark space under property agency services, and the pricing terms of our Property Agency Services are in line with industry practice and on an arm's length basis. In arriving at the aforementioned views, Frost & Sullivan has primarily taken into account (i) the public disclosure made by certain other listed major market players on transactions of a similar nature including, among others, the determination of service fees, the making of upfront payments not exceeding the pre-determined minimum sale prices of the properties as deposits in order to obtain the exclusive sale right of carpark spaces and the refund period of such deposits; and (ii) the generally faster appreciation of market value of carpark spaces in first and second tier cities as compared to less prime areas which may result in payment of a relatively higher percentage of deposits in respect of agency sale of carpark spaces.

Having taken into account the views and analysis of Frost & Sullivan as described above and the due diligence work conducted by the Joint Sponsors, nothing material has come to the attention of the Joint Sponsors that would cause them to disagree with Frost & Sullivan's views that the pricing terms of the Property Agency Services are in line with industry practices and on an arm's length basis.

In view of the above, our Directors believe that the entering into of the Framework Property Agency Services Agreement and the terms thereof are fair and reasonable, and are in the interests of our Shareholders as a whole.

Implications under the Listing Rules

As the highest applicable percentage ratio under the Listing Rules in respect of the proposed annual caps under the Framework Property Agency Services Agreement is expected to be more than 5% on an annual basis, the transactions contemplated under the Framework Property Agency Services Agreement constitute continuing connected

CONNECTED TRANSACTIONS

transactions for our Company which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

The transactions described in “— Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempted from the Circular and Independent Shareholders' Approval Requirements” in this section constitute our continuing connected transactions under the Listing Rules, which are exempt from the circular and independent Shareholders' approval requirements but subject to the reporting, annual review and announcement requirements under the Listing Rules.

The transactions described in “— Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements” in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements of the Listing Rules.

In respect of such continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting our Group from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in “— Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempted from the Circular and Independent Shareholders' Approval Requirements” in this section, and the announcement, circular and independent Shareholders' approval requirements in respect of the continuing connected transactions as disclosed in “— Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements” in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective proposed annual caps (as stated above). Apart from the above waivers sought on the strict compliance of the announcement, circular and independent Shareholders' approval requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

In the event that any terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreements with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange. Furthermore, in the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to above, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONNECTED TRANSACTIONS

DIRECTORS' VIEW

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described in “— Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempted from the Circular and Independent Shareholders' Approval Requirements” and “— Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements” in this section have been and will be carried out (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps of the continuing connected transactions in “— Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempted from the Circular and Independent Shareholders' Approval Requirements” and “— Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements” in this section are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS' VIEW

The Joint Sponsors are of the view that (i) the continuing connected transactions described in “— Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempted from the Circular and Independent Shareholders' Approval Requirements” and “— Continuing Connected Transactions subject to the Reporting, Annual review, Announcement, Circular and Independent Shareholders' Approval Requirements” in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- Our Group has approved internal guidelines which provide that the relevant staff shall report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules; and

CONNECTED TRANSACTIONS

- Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of our Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board consists of eleven Directors, comprising two executive Directors, five non-executive Directors and four independent non-executive Directors. Our Directors were elected at the Shareholders' meetings, and shall serve for a term of three years, subject to re-election upon retirement. Our independent non-executive Directors shall not hold office for more than six consecutive years in accordance with relevant PRC laws and regulations.

Our Supervisory Committee consists of three Supervisors, including two shareholder representative Supervisors and one employee representative Supervisor. Our shareholder representative Supervisors and the employee representative Supervisor were elected at the Shareholders' meetings and the staff representative assembly, respectively, and shall serve for a term of three years, subject to re-election upon retirement.

All of our Directors, Supervisors and senior management have met the qualification requirements under the relevant PRC laws and regulations and the Hong Kong Listing Rules in respect of their respective positions at our Company.

DIRECTORS

The following table sets out the key information of our Directors:

Name	Age	Time of joining our Company	Time of appointment as Director	Positions for the current tenure	Responsibilities
Executive Directors					
Mr. Zhu Baoquan (朱保全)	48	May 2010	February 2011	Chairman, Executive Director and General Manager	Responsible for the overall operation of the Company, the determination of its strategic policy and development direction
Mr. He Shuhua (何曙華)	47	April 1998	January 2016	Executive Director	Responsible for government and corporate customer services
Non-executive Directors					
Mr. Wang Wenjin (王文金)	56	February 2017	February 2017	Non-executive Director	Responsible for the provision of guidance for the overall development of the Company
Mr. Zhang Xu (張旭)	59	January 2016	January 2016	Non-executive Director	Responsible for the provision of guidance for the overall development of the Company
Mr. Sun Jia (孫嘉)	44	January 2018	January 2018	Non-executive Director	Responsible for the provision of guidance for the overall development of the Company
Mr. Zhou Qi (周奇)	41	February 2017	February 2017	Non-executive Director	Responsible for the provision of guidance for the overall development of the Company

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Time of joining our Company	Time of appointment as Director	Positions for the current tenure	Responsibilities
Mr. Yao Jinbo (姚勁波)	46	February 2017	February 2017	Non-executive Director	Responsible for the provision of guidance for the overall development of the Company
Independent non-executive Directors					
Ms. Law Elizabeth (羅君美)	68	The Listing Date	The Listing Date	Independence non-executive Director	Responsible for providing independent advice on the operations and management of the Company
Mr. Chen Yuyu (陳玉宇)	52	The Listing Date	The Listing Date	Independence non-executive Director	Responsible for providing independent advice on the operations and management of the Company
Mr. Shen Haipeng (沈海鵬)	46	The Listing Date	The Listing Date	Independence non-executive Director	Responsible for providing independent advice on the operations and management of the Company
Mr. Song Yunfeng (宋雲鋒)	52	The Listing Date	The Listing Date	Independence non-executive Director	Responsible for providing independent advice on the operations and management of the Company

Executive Directors

Mr. Zhu Baoquan (朱保全), aged 48, has been serving as the general manager of our Company since May 2010 and a director, the chairman and the general manager of our Company since February 2011 and was re-designated as our executive Director on March 2, 2022.

Mr. Zhu has extensive experience in real estate and property management industry and is committed to the digital transformation of the industry. He has over 10 years of large enterprise management experience. Mr. Zhu successively served in various positions in China Vanke since April 1999, including a human resource department manager of Beijing Vanke Co., Ltd., a customer service center manager, the general manager assistant in Chengdu Vanke Real Estate Co., Ltd., the deputy director of group general office, the director of group general office, an administration director, the general manager in Nanjing Vanke Real Estate Co., Ltd., a vice president and a senior vice president.

Mr. Zhu graduated from China Europe International Business School (中歐國際工商學院) in the PRC with his master's degree in Business Administration in October 2013 and obtained his bachelor's degree in Systems Engineering from East China University of Technology (華東工業大學) (now known as University of Shanghai for Science and Technology (上海理工大學)) in the PRC in July 1994.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. He Shuhua (何曙華), aged 47, has been serving as a director of our Company since January 2016 and was re-designated as our executive Director on March 2, 2022. He also serves as the chief partner of government and enterprise clients service center (政府及企業客戶服務中心) of the Company and is in charge of our urban space integrated services.

Mr. He has over 20 years of extensive experience in property management industry. After joining our Company in April 1998, Mr. He consecutively served in multiple positions within our Company, including a property project management manager of Shenzhen Vanke Service Co., Ltd., the executive deputy general manager of Beijing Vanke Service Co., Ltd., the general manager of Wuhan region, the Company's general manager of Guangzhou region, the chief executive officer of enterprise service division and the chief marketing officer.

Mr. He also served as a manager of Property Management Department in China Vanke from April 2003 to April 2006, a director of customer in Zhongshan Vanke Real Estate Co., Ltd. and Zhuhai Vanke Real Estate Co., Ltd. from March 2007 to December 2008 and was primarily responsible for client relationship management.

Mr. He obtained his college degree in Real Estate Operation and Management from Nanchang University (南昌大學) in the PRC in July 1995 and his master's degree in Project Management from Wuhan University (武漢大學) in the PRC in June 2013. He has been studying at China Europe International Business School in the PRC since April 2021. Mr. He obtained a Property Manager Professional Qualification (物業管理師) issued by Professional Title Reform Leading Group of Hubei Province (湖北省職稱改革工作領導小組) in September 2011.

Non-executive Directors

Mr. Wang Wenjin (王文金), aged 56, is a non-executive Director of our Company. Mr. Wang has been a director of our Company since February 2017 and was re-designated as our non-executive Director on March 2, 2022. Mr. Wang is primarily responsible for the provision of guidance for the overall development of the Company.

After joining China Vanke in November 1993, Mr. Wang successively served as a general manager of the finance department, the finance controller, the chief financial officer, the chief risk officer, an executive director, an executive vice president, and the financial principal. He also served as a non-executive director of Vanke Overseas Investment Holding Company Limited (formerly known as Vanke Property (Overseas) Limited, a company listed on the Hong Kong Stock Exchange; stock code: 1036) from July 2012 to March 2015. Mr. Wang serves in various directorships and management positions in several subsidiaries of China Vanke currently, including the chairperson and the general manager of Shenzhen Yingda Investment Fund Management Co., Ltd. (深圳市盈達投資基金管理有限公司), a subsidiary of China Vanke. Mr. Wang has been a non-executive director of Huishang Bank Corporation Limited (a company listed on the Hong Kong Stock Exchange, stock code: 3698) since December 2018. In addition, he currently serves as a supervisor of China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang graduated from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC with a master's degree in June 1994 and he is a certified public accountant (non-practicing member) in the PRC granted by the Chinese Institute of Certified Public Accountants in August 1998.

Mr. Zhang Xu (張旭), aged 59, is a non-executive Director of our Company. Mr. Zhang has been a director of our Company since January 2016 and was re-designated as our non-executive Director on March 2, 2022. Mr. Zhang is primarily responsible for the provision of guidance for the overall development of the Company.

After joining China Vanke in November 2002, Mr. Zhang successively served as an executive deputy general manager and the general manager of Wuhan Vanke Real Estate Co., Ltd., primarily responsible for development and operation of real estate projects; and a vice president of China Vanke, primarily responsible for strategy, investment, marketing, operation and management of overseas business. He served as an executive director of China Vanke from June 2017 to June 2020. He was also appointed as an executive director of Vanke Overseas Investment Holding Company Limited in July 2012 and the chairman in February 2019, and resigned as the chairman and an executive director in November 2021.

Mr. Zhang serves as the chairperson and general manager of VX Logistic Properties currently, and is primarily responsible for overall business development planning. He served as a non-executive and non-independent director of Banyan Tree Holdings Limited (a company listed on the Singapore Stock Exchange, stock code: B58.SG) from September 2017 to November 2020. He has also been a director of GLP Holdings Limited since January 2018 and a director of CMC Inc. (華人文化有限責任公司) since December 2017.

Mr. Zhang graduated from Hefei Industrial University (合肥工業大學) in the PRC with a bachelor's degree in Industrial and Civil Architecture in August 1984 and obtained a master's degree in Business Administration from Troy State University (currently known as Troy University) in the United States in June 2001.

Mr. Sun Jia (孫嘉), aged 44, is a non-executive Director of our Company. Mr. Sun has been a director of our Company since January 2018 and was re-designated as our non-executive Director on March 2, 2022. Mr. Sun is primarily responsible for the provision of guidance for the overall development of the Company.

After joining China Vanke in July 2007, Mr. Sun consecutively served as a deputy general manager and the general manager of China Vanke's strategy and investment management department from July 2007 to January 2010, and he was appointed as the general manager of Xi'an Vanke Co., Ltd. in 2010. He served as the general manager of Shanghai Vanke Co., Ltd. from January 2012 to March 2016 and was appointed as a vice president of China Vanke in 2015. He was appointed as an executive vice president, the head of finance and the chief financial officer of China Vanke in March 2016. Mr. Sun currently serves as the chairperson of Shenzhen Vanke Development Co., Ltd, the chief executive officer and the chief partner of the Southern regional business group of China Vanke. He also has been serving as the chairman and an executive director of Vanke Overseas Investment Holding Company Limited since November 2021, responsible for overall operation, strategy and development planning.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Sun graduated from the School of Economics, Peking University (北京大學) in the PRC with a bachelor's degree in July 2001. In June 2007, he graduated from Harvard Business School in the United States with a master's degree in Business Administration.

Mr. Zhou Qi (周奇), aged 41, is a non-executive Director of our Company. Mr. Zhou has been a director of our Company since February 2017 and was re-designated as our non-executive Director on March 2, 2022. Mr. Zhou is primarily responsible for the provision of guidance for the overall development of the Company.

Mr. Zhou joined Boyu Capital (博裕投資) in March 2011 and currently is a partner of Boyu Capital, and he has been a director of the board of Sichuan Langjiu Group Co., Ltd. (四川郎酒股份有限公司) since April 2017. He was appointed as a director of COFCO Joycome Foods Limited (a company listed on the Hong Kong Stock Exchange; stock code: 1610) in May 2014 and was designated as a non-executive director in May 2016, and resigned in July 2021. Mr. Zhou also was a director of the board of Shenzhen Yuying Property Service Co., Ltd. (深圳市譽鷹物業服務有限公司) from June 2017 to September 2021.

Before joining Boyu Capital, Mr. Zhou consecutively served as an analyst and associate at Goldman Sachs (Asia) L.L.C. in Hong Kong and one of its affiliates in Beijing from July 2005 to April 2011.

Mr. Zhou graduated from School of Economics and Management, Tsinghua University (清華大學) in the PRC with a bachelor's degree in July 2003, a master's degree in July 2005 and earned his Executive Master of Business Administrative degree from Tsinghua University in January 2022.

Mr. Yao Jinbo (姚勁波), aged 46, is a non-executive Director of our Company. Mr. Yao has been a director of our Company since February 2017 and was re-designated as our non-executive Director on March 2, 2022. Mr. Yao is primarily responsible for the provision of guidance for the overall development of the Company.

Mr. Yao was a co-founder of Beijing XueDa Education Consulting Co., Ltd. ("XueDa", 學大教育科技(北京)有限公司) and worked at XueDa from September 2001 to November 2005. Mr. Yao founded Beijing 58 Information Technology Co., Ltd. (北京五八信息技術有限公司) in December 2005 and has been its chief executive officer. Mr. Yao is the founder, chairman and chief executive officer of 58.com Inc. (a company previously listed on the NYSE and delisted on September 18, 2020). He is also an independent director of Cheetah Mobile Inc. (a company listed on the NYSE; stock code: CMCM) since December 2017 and an independent director of Noah Holdings Limited (a company listed on the NYSE; stock code: NOAH) since November 2014.

Mr. Yao graduated from Ocean University of China (中國海洋大學) in the PRC with a bachelor's degree in Computer Science and Marine Chemistry in July 1999.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Ms. Law Elizabeth, MH, JP (羅君美), aged 68, was appointed as an independent non-executive Director of our Company with effect from the Listing Date. She is primarily responsible for providing independent advice on the operations and management of our Company.

Ms. Law was employed as an auditor at Richter Usher & Vineberg, an accounting firm, in Montreal, Canada from September 1976 to May 1982. Ms. Law has been the director of Law & Partners CPA Limited since 2004, a partner of Stephen Law & Company, Certified Public Accountants since 1984.

Ms. Law also served as or has been serving as an independent non-executive director in the following listed companies:

Period of service	Name of Company	Listing venue and stock code	Principal business
Since August 2017	The Wharf (Holdings) Limited (九龍倉集團有限公司)	Hong Kong Stock Exchange (stock code: 0004)	Investment properties, hotels and development properties in Hong Kong and mainland China
Since October 2016	Clifford Modern Living Holdings Limited (祈福生活服務控股有限公司)	Hong Kong Stock Exchange (stock code: 3686)	Provision of property management services, renovation and fitting-out services, retail services, off-campus training services and information technology services
Since November 2011	Sunwah Kingsway Capital Holdings Limited (新華匯富金融控股有限公司)	Hong Kong Stock Exchange (stock code: 0188)	Investment holding company principally engaged in financial businesses
From December 2011 to June 2021	Sunwah International Limited (新華國際有限公司)	Toronto Stock Exchange (stock code: SWH)	Global financial services company and asset manager
From August 2012 to June 2017	China Vanke Co. Ltd. (萬科企業股份有限公司)	Shenzhen Stock Exchange (stock code: 000002) and Hong Kong Stock Exchange (stock code: 2202)	Property development business

Ms. Law obtained her bachelor's degree in Commerce (majored in Accounting) from McGill University in Canada in May 1976, and completed her diploma of Accountancy in McGill University in May 1978. She became a chartered accountant in Canada in June 1979, an associate of the Hong Kong Institute of Certified Public Accountants in May 1982. Ms. Law has been admitted as an Associate of The Institute of Chartered Accountants in England and Wales since February 2006, and was admitted as a Fellow of The Institute of Chartered Accountants in England and Wales in August 2019 and a fellow certified public accountant in Australia in November 2009. She has been a fellow of the Hong Kong Institute of Certified

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Public Accountants since December 1991, a fellow of The Taxation Institute of Hong Kong since April 2003, and a chartered professional accountant in Canada since November 2012. She also completed the independent director training session held by CSRC and Tsinghua University in May 2002.

Ms. Law was the founding president of the Association of Women Accountants (Hong Kong) Ltd. and has been appointed as the honorary founding president since June 2008. Ms. Law was a member of the Ninth, Tenth and Eleventh Chinese People's Political Consultative Conference Guangdong Committee (第九、十及十一屆中國人民政治協商會議廣東省委員會委員) and was awarded the Medal of Honour in Hong Kong in July 2006, the Justice of the Peace in Hong Kong in July 2009.

Mr. Chen Yuyu (陳玉宇), aged 52, was appointed as an independent non-executive Director of our Company with effect from the Listing Date. He is primarily responsible for providing independent advice on the operations and management of our Company.

In September 2003, Mr. Chen joined the Department of Applied Economics, Guanghai School of Management, Peking University (北京大學光華管理學院應用經濟系) and has successively served as a lecturer, an associate professor, and a professor since then. Mr. Chen currently serves as the director of the Institute of Economic Policy at Peking University (北京大學經濟政策研究所).

Since June 2017, Mr. Chen has been appointed as an independent director of Guangdong Xinhui Meida Nylon Company Limited (廣東新會美達錦綸股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000782). Mr. Chen served as an independent director of Zhanjiang Guolian Aquatic Products Co., Ltd. (湛江國聯水產開發股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300094) from November 2019 to January 2021. He also served as an external director of Haode Technology Co., Ltd. (浩德科技股份有限公司) since February 2016, an independent director of CCB Insurance Asset Management Co., Ltd. (建信保險資產管理有限公司) since September 2016 and an independent director of Meizhou Hakka Bank Co., Ltd. (梅州客商銀行股份有限公司) since August 2017.

Mr. Chen obtained his bachelor's degree in Economics from Peking University (北京大學) in the PRC in July 1994. He then obtained his doctorate degree in Economics from the Australian National University (澳大利亞國立大學) in Australia in September 2003.

Mr. Chen was granted The National Science Fund for Distinguished Young Scholars (國家傑出青年科學基金) in 2014, and he was recognized as the Fellow of Chang Jiang Scholars Program (長江學者特聘教授) in April 2017.

Mr. Shen Haipeng (沈海鵬), aged 46, was appointed as an independent non-executive Director of our Company with effect from the Listing Date. He is primarily responsible for providing independent advice on the operations and management of our Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Shen has been a professor of the Faculty of Business and Economics of the University of Hong Kong (香港大學經濟及工商管理學院) since September 2015. Mr. Shen has been serving as the associate dean of the Faculty of Business and Economics of the University of Hong Kong and oversees the university's Executive Education program (高層管理教育項目).

Mr. Shen was a tenure-track assistant professor from July 2003 to June 2009, a tenured associate professor from July 2009 to June 2014, and a tenured professor from July 2014 to August 2015 at the Department of Statistics and Operations Research at the University of North Carolina Chapel Hill, United States.

Since July 2018, Mr. Shen has been an independent director of Zhou Dasheng Jewelry Holding Ltd. (周大生珠寶股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002867). Mr. Shen served as an independent non-executive director of IntelliCentrics Global Holdings Ltd. (中智全球控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6819) from March 2019 to January 2020.

Mr. Shen obtained his bachelor's degree in Mathematics from Peking University (北京大學) in the PRC in July 1998. Mr. Shen then obtained his master's degree in Art and his doctorate degree in Philosophy from the Wharton School of Business, University of Pennsylvania, United States, in August 2000 and August 2003, respectively.

Mr. Shen was granted the Outstanding Teaching Award by The University of Hong Kong Business School and Guanghua School of Management of Peking University in December 2020.

Mr. Song Yunfeng (宋雲鋒), aged 52, was appointed as an independent non-executive Director of our Company with effect from the Listing Date. He is primarily responsible for providing independent advice on the operations and management of our Company.

Mr. Song has been an attorney of Beijing Dentons Law Offices, LLP (北京大成律師事務所) since December 2004, and is a senior partner of the firm. He has also been an independent director of Beijing Hotgen Biotech Co., Ltd. (北京熱景生物技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688068) since July 2022. Prior to that, he was a civil servant from December 1995 to July 2004 at Foreign Affairs Office and the Hong Kong and Macao Affairs Office of the People's Government of Beijing Municipality (北京市人民政府外事辦公室及港澳事務辦公室) and was primarily responsible for administrative service. He served as a teacher at School of Literature, Capital Normal University (首都師範大學) from July 1993 to December 1995 and was responsible for education and administration affairs.

Mr. Song obtained his bachelor's degree in Chinese Literature from Capital Normal University in the PRC in July 1993, and his master's degree in Law from School of Law, Peking University in the PRC in June 2004. Mr. Song further completed the EMBA program in Guanghua School of Management, Peking University in January 2012.

Mr. Song obtained his PRC Legal Professional Qualification Certificate issued by the PRC Ministry of Justice in 2004 and was qualified as an attorney by the Beijing Justice Bureau of Justice in 2005.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

The following table sets out the key information of our Supervisors:

Name	Age	Time of joining our Company	Time of appointment as Supervisor	Position for the current tenure	Responsibilities
Ms. Xiang Yun (向雲)	54	May 1994	January 2016	Chairperson of the Supervisory Committee	Supervising the audit and internal control of our Company
Ms. Han Huihua (韓慧華)	40	January 2018	January 2018	Shareholder representative Supervisor	Supervising the financial matters, the directors and senior management of our Company
Mr. Wu Jianxia (吳劍俠)	40	July 2013	February 2021	Employee representative Supervisor	Supervising the corporate culture and anti-corruption affairs of our Company

Ms. Xiang Yun (向雲), aged 54, is the chairperson of our Supervisory Committee. Ms. Xiang has served as a Supervisor of our Company since January 2016, and has been serving as the general consultant of audit and internal control of our Company since March 2018. She is primarily responsible for supervising the audit and internal control of our Company.

After joining our Company in May 1994, Ms. Xiang served in various positions, including an office director in Shenzhen branch, a manager of quality management and an assistant general manager from May 1994 to September 2000. She successively served as a deputy general manager of property management department and the general manager of property services management department in China Vanke from October 2000 to January 2009, and served as an assistant general manager of our Company from February 2009 to February 2018.

Ms. Xiang graduated from Jiangnan University (江漢大學) with a college degree in Business and Economics Management in the PRC in July 1988, and obtained her master's degree in Business Administration from Asia International Open University (Macau) (now known as City University of Macau) in Macau in May 2001.

Ms. Han Huihua (韓慧華), aged 40, is a shareholder representative Supervisor. Ms. Han has served as a Supervisor of our Company since January 2018. She is primarily responsible for supervising financial matters and the directors and senior management of our Company.

Ms. Han is currently an executive vice president and the head of finance of China Vanke.

Ms. Han joined China Vanke in 2008, and successively held positions of a business manager, the assistant general manager and the deputy general manager of the finance and internal control department, and the partner of the financial management function in the management center of China Vanke.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Han obtained her bachelor's degree in Administration from University of Science and Technology of China (中國科學技術大學) in the PRC in July 2003, and her master's degree in Administration (majored in accounting) from Jiangxi University of Finance and Economics (江西財經大學) in January 2008. She obtained the Certified Public Accountant certificate granted by Certified Public Accountant Examination Board of Ministry of Finance of the PRC (中國財政部註冊會計師考試委員會) in January 2007.

Mr. Wu Jianxia (吳劍俠), aged 40, is an employee representative Supervisor. Mr. Wu has served as an employee representative Supervisor since February 2021. He has been the head of Zhizhi Xueshe (知之學社) since January 2020, and is primarily responsible for supervising the talent training, corporate culture, environmental, social and corporate governance (“ESG”) affairs and anti-corruption affairs of our Company.

After joining our Company in July 2013, Mr. Wu served in various positions including as an assistant director of the planning and development department, the director of the planning and development department, the chief partner of the Zhuzher Workshop (住這兒工作室) and the general manager of the long-term rental service development center.

Prior to joining our Company, Mr. Wu served as a staff of group general office at China Vanke from July 2005 to December 2008.

Mr. Wu obtained his bachelor's degree in Marketing from Zhejiang University in the PRC in June 2005.

SENIOR MANAGEMENT

The following table sets out the key information of the members of our senior management:

Name	Age	Time of joining our Company	Time of appointment as Senior Management	Position for the current tenure	Responsibilities
Mr. Zhu Baoquan (朱保全)	48	May 2010	February 2011	Chairman, Executive Director and General Manager	Responsible for the overall operation of the Company, the determination of its strategic policy, and development direction
Mr. Zou Ming (鄒明)	49	February 2001	January 2021	Deputy General Manager	Responsible for the human resources management of the Company
Mr. Yang Guanghui (楊光輝)	51	April 1997	March 2021	Deputy General Manager, Chief Customer Services Officer	Responsible for operation and management of our Company's residential property services business
Mr. Li Qingping (李慶平)	44	September 2016	September 2016	Chief Investment Officer	Responsible for the Company's investment and mergers and acquisitions related matters

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhu Baoquan (朱保全), aged 48, has been serving as the chairman, an executive Director and the general manager of our Company. For the biography of Mr. Zhu, please refer to “— Directors — Executive Directors” of this section.

Mr. Zou Ming (鄒明), aged 49, has been serving as the deputy general manager of our Company since January 2021, primarily responsible for the human resources management of the Company.

After joining our Company in February 2001, Mr. Zou consecutively served in multiple positions within our Company, including an executive of human resources of Shenzhen Vanke Service Co., Ltd., an assistant manager in human resources department, a deputy general manager of Shanghai Vanke Service Co., Ltd., the director of the planning and development department, a deputy general manager of Beijing Vanke Service Co., Ltd., the general manager of Tianjin Vanke Property Service Co., Ltd., the general manager of residential projects operation center Beijing region, the general manager of North China region and the head of human resource of our Company. In addition, Mr. Zou worked as a human resource manager in China Vanke from February 2004 to January 2009.

Mr. Zou obtained his bachelor’s degree in Power Systems and Automation from Southeast University (東南大學) in the PRC in June 1996.

Mr. Yang Guanghui (楊光輝), aged 51, has been serving as the deputy general manager, the chief customer services officer of our Company since March 2021 and the chief partner of Vanke Service business unit (“BU”) since January 2022. Mr. Yang is primarily responsible for operation and management of our Company’s residential property service (Vanke Service).

Mr. Yang has over 20 years of experience in the property management industry. After joining our Company in April 1997, Mr. Yang consecutively served in multiple positions within our Company, including an environment executive, a quality executive, a quality manager, a business supervision manager, the general manager of Hangzhou Vanke Property Service Co., Ltd., the general manager of residential projects operation center Shanghai region, the general manager of Shanghai Vanke Service Co., Ltd., the chairman of Zhejiang Yaojiang Real Estate Management Co., Ltd. (浙江耀江物業管理有限公司), a leading partner of East China region and the chief customer services officer.

Mr. Yang obtained his bachelor’s degree in Landscape Architecture from the Inner Mongolia Forestry College (內蒙古林學院) (now known as the Inner Mongolia Agricultural University (內蒙古農業大學)) in the PRC in July 1994. Mr. Yang obtained the Special Award for the Executive Officer of 2019 granted by our Company, the Industry Contribution Award granted by Shanghai Property Management Association in November 2019 and was elected as the vice president of the sixth Council of Shanghai Property Management Association (上海市物業管理行業協會) in July 2020.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Li Qingping (李慶平), aged 44, has been Chief Investment Officer of our Company since January 2019 and Chairman of Cushman & Wakefield Vanke Service since January 2020. Mr. Li is primarily responsible for the Company's mergers and acquisitions, investment activities, post-investment management and operation, new business incubation related matters. He directly oversees investment and innovation development center of the Company, Xiangying Enterprise Service, Cushman & Wakefield Vanke Service, Yuying platform and Onewo growth capital. Mr. Li served as Chief Financial Officer of our company from September 2016 to January 2019.

Prior to joining our Company, Mr. Li served as a vice president of China Minsheng Trust Co., Ltd (中國民生信託有限公司) from March 2013 to September 2016, where he had senior leadership responsibility successively for investment banking department, real estate investment department. He also served as a director and the general manager of Minsheng Capital Investment Management Co., Ltd. (民生資本投資管理有限公司) from February 2016 to June 2017. Previously, from April 2011 to March 2013, Mr. Li served as a vice president of CITICPE (中信產業基金), where he was primarily responsible for multi-strategy mezzanine investment. Earlier, starting from October 2004 to April 2011, Mr. Li served in various leadership positions, in China Foreign Economy and Trade Trust Co. Ltd. (中國對外經濟貿易信託有限公司), a subsidiary of Sinochem Group Co., Ltd., including the general manager of auditing & legal department, transaction department, and investment management department. He was later appointed as a general manager assistant, and began to have an executive oversight of real estate trust department and Shanghai headquarter.

Mr. Li obtained his Bachelor of Science degree from China Pharmaceutical University (中國藥科大學) in the PRC in July 2000, and Master of Economics in Finance from Peking University (北京大學) in the PRC in July 2006. He obtained his master's degree in Business and Administration from China Europe International Business School in October 2013. From November 2018 to November 2019, he was selected to study at Hillhouse Value Investing Institute (高禮價值投資研究院), and he has been studying at TencentX Industrial Academy (北大-青騰未來產業學堂) since June 2021. Mr. Li was awarded the Gold Robin Medal, our Company's top honor, in January 2020 and the 2019 Group Gold Award of China Vanke.

Save as disclosed above, none of our Directors, Supervisors and members of senior management held any directorship in any public companies, the shares of which are listed in Hong Kong or overseas stock markets, during the three years prior to the date of this Prospectus.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the Latest Practicable Date: (i) save as disclosed in the section headed “Relationship with Our Controlling Shareholders”, none of our Directors had any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business that requires disclosure under Rule 8.10 of the Hong Kong Listing Rules; (ii) none of our Directors, Supervisors or members of the senior management of the Company is related to any other Directors, Supervisors and members of the senior management; (iii) save as disclosed in the section headed “Appendix VI – Statutory and General Information”, none of our Directors, Supervisors or members of the senior management holds any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and (iv) there is no additional matter with respect to the appointment of our Directors or Supervisors that needs to be brought to the attention of the Shareholders, and there is no additional information relating to our Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Huang Min (黃旻), aged 33, was appointed as our joint company secretary of the Company on March 1, 2022. Mr. Huang joined our Company in June 2014 and serves as a partner of the planning and development department currently, and primarily responsible for strategy research, strategy operation management and investor relations related affairs.

Mr. Huang successively served as a financial management director, an investor relations director, a partner of strategy mergers and acquisitions and a partner of the planning and development department of our Company since joining in June 2014. In addition, Mr. Huang also serves in directorship of two companies in which our Company invested, including a director of Shenzhen Wanyu Security Service Technology Co., Ltd. (深圳市萬御安防服務科技有限公司) since November 2019 and a director of Chongqing Tianjiao Joyful Life Services Corp. (重慶天驕愛生活服務股份有限公司) since July 2020.

Prior to joining our Company, from July 2012 to June 2014, Mr. Huang served in Huarun Power Wind Power (Shantou) Co., Ltd. (華潤電力風能(汕頭)有限公司).

Mr. Huang obtained his bachelor’s degree in Financial Management from Xiamen University in the PRC in July 2012.

Ms. Ng Wai Kam (伍偉琴), is a manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Ng has over 10 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Ng is currently the company secretary/joint company secretary of listed companies on the Stock Exchange, namely, Hebei Yichen Industrial Group Corporation Limited (河北翼辰實業集團股份有限公司; stock code: 1596), Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司; stock code: 2666) and Mega Genomics Limited (美因基因有限公司; stock code: 6667).

Ms. Ng is an Associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom. Ms. Ng obtained her bachelor's degree in Business Administration from Hong Kong Shue Yan University in July 2011.

BOARD COMMITTEES

The Board delegates certain responsibilities to various dedicated committees in accordance with relevant PRC laws, regulations, the Articles and the Hong Kong Listing Rules, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

The Audit Committee consists of three Directors, namely Ms. Law Elizabeth, Mr. Wang Wenjin and Mr. Chen Yuyu. Ms. Law Elizabeth serves as the chairperson of the committee, and holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules. The primary responsibilities of the Audit Committee are to review, supervise and coordinate the external and internal audit process, propose the engagement or replacement of the external auditors, review the financial information and its disclosure as well as the internal control system of our Company, and other matters authorized by the Board.

Remuneration Committee

The Remuneration Committee consists of three Directors, namely Mr. Shen Haipeng, Mr. Zhu Baoquan and Mr. Song Yunfeng. Mr. Shen Haipeng serves as the chairperson of the committee. The primary responsibilities of the Remuneration Committee are to review and make recommendations to the Board regarding the annual performance of our Directors and senior management, the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management, and other matters authorized by the Board.

Nomination Committee

The Nomination Committee consists of three Directors, namely Mr. Zhu Baoquan, Mr. Song Yunfeng and Mr. Chen Yuyu. Mr. Zhu Baoquan serves as the chairperson of the committee. The primary responsibilities of the Nomination Committee are to make recommendations to the Board regarding the appointment of Directors and senior management, the related criteria and procedures of the appointment and other matters authorized by the Board.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

Our Company is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules after the Listing.

Pursuant to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhu is the chairman of our Board and the general manager of our Company. In view of the fact that Mr. Zhu has been managing and operating our Company as the Chairman, an executive Director and the general manager since February 2011, our Board believes that Mr. Zhu should continue to assume the responsibilities of the general manager of our Company upon the Listing as this arrangement will improve the efficiency of our decision-making and execution process and provide strong and consistent leadership to our Company. Further, our Company has put in place an appropriate check-and-balance mechanism through our Board and our independent non-executive Directors. In light of the above, our Board considers that the deviation from Code provision C.2.1 of the Corporate Governance Code is appropriate in the circumstances of our Company.

BOARD DIVERSITY

We have adopted a board diversity policy which sets out the approach to achieve and maintain diversity in our Board. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contributions that the candidates will bring to our Board.

The Nomination Committee is responsible for reviewing the diversity of the Board. After the Listing, the Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors, Supervisors and senior management receive their remuneration in the form of salary and allowances and benefit in kind, retention and discretionary bonuses, pension costs, housing funds, medical insurance and other social insurances and directors' fees.

For the three years ended December 31, 2019, 2020, 2021 and the three months ended March 31, 2022, the total remuneration for our Directors amounted to approximately RMB15.8 million, RMB19.8 million, RMB16.3 million and RMB3.6 million, respectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For the three years ended December 31, 2019, 2020, 2021 and the three months ended March 31, 2022, the total remuneration for our Supervisors amounted to approximately RMB1.3 million, RMB0.7 million, RMB2.8 million and RMB0.8 million, respectively.

Under the arrangements currently in force, our Directors and Supervisors will be entitled to receive remuneration and benefits in kind for their service which, for the year ending December 31, 2022, is expected to be approximately RMB16.9 million and RMB2.8 million, respectively. The remuneration of Directors and Supervisors consists of directors' fees, salaries, allowances and other benefits, discretionary bonus, pension costs, which are determined based on the evaluation of each Director's and Supervisor's individual performance and market trends. The actual remuneration of Directors and Supervisors in 2022 may be different from the expected remuneration.

The total emoluments for the five highest paid individuals amounted to RMB8.2 million, RMB9.0 million, RMB9.9 million and RMB2.4 million, respectively, for the three years ended December 31, 2019, 2020, 2021 and the three months ended March 31, 2022.

For the three years ended December 31, 2019, 2020, 2021 and the three months ended March 31, 2022, no payment was made by us to any of our Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. Furthermore, none of our Directors or Supervisors had waived or agreed to waive any remuneration during the Track Record Period.

The remuneration of Directors, Supervisors and senior management is determined with reference to factors including the salaries paid by comparable companies, time commitment and responsibilities of our Directors, Supervisors and senior management, employment conditions of other positions in our Company and the desirability of performance-based remuneration.

COMPLIANCE ADVISOR

Our Company has appointed Altus Capital Limited as the compliance advisor upon Listing in compliance with Rules 3A.19 and 19A.05 of the Hong Kong Listing Rules. Our compliance advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in certain circumstances including:

- before the publication of any regulatory announcement, circular, or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issuance and share repurchase;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, development or results deviate from any forecast, estimate or other information in this Prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Meanwhile, pursuant to Rule 19A.06(3) of the Listing Rules, the compliance advisor shall inform us in a timely manner of any amendment or supplement to the Hong Kong Listing Rules issued by the Hong Kong Stock Exchange from time to time and any new or amended law, regulation or code in Hong Kong applicable to our Company. The compliance advisor shall also provide advice to us on the continuing requirements under the Hong Kong Listing Rules and applicable laws and regulations.

The term of appointment of the compliance advisor shall commence on the Listing Date and end on the date of distribution of the annual report of the financial results of our Company for the first full financial year commencing after the Listing Date or on the date of the termination of the contract, whichever is earlier.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), the following persons will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Substantial Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised) ⁽⁶⁾		
		Number and class of Shares	Approximate percentage in the total issued share capital of our Company	Number and class of Shares	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage in the total issued share capital of our Company
China Vanke ⁽¹⁾	Beneficial owner	600,000,000 Domestic Shares	57.12%	600,000,000 Domestic Shares	83.29%	51.41%
	Interest in controlled corporations	60,602,000 Domestic Shares	5.77%	60,602,000 Domestic Shares	8.41%	5.19%
Wanhuquanyuan ⁽¹⁾	Beneficial owner	35,602,000 Domestic Shares	3.39%	35,602,000 Domestic Shares	4.94%	3.05%
Wanqing ⁽¹⁾	Beneficial owner	5,000,000 Domestic Shares	0.48%	5,000,000 Domestic Shares	0.69%	0.43%
Wanhu ⁽¹⁾	Beneficial owner	5,000,000 Domestic Shares	0.48%	5,000,000 Domestic Shares	0.69%	0.43%
Wanmazhengxian ⁽¹⁾	Beneficial owner	5,000,000 Domestic Shares	0.48%	5,000,000 Domestic Shares	0.69%	0.43%
Yingda Investment Fund ⁽¹⁾	Beneficial owner	5,000,000 Domestic Shares	0.48%	5,000,000 Domestic Shares	0.69%	0.43%
Wanshuzhimiao ⁽¹⁾	Beneficial owner	5,000,000 Domestic Shares	0.48%	5,000,000 Domestic Shares	0.69%	0.43%
Radiant Sunbeam Limited ⁽²⁾	Beneficial owner	180,000,000 Unlisted Foreign Shares	17.14%	180,000,000 Unlisted Foreign Shares	54.54%	15.42%
Bumper Harvest Limited ⁽²⁾	Interest in controlled corporations	180,000,000 Unlisted Foreign Shares	17.14%	180,000,000 Unlisted Foreign Shares	54.54%	15.42%
Boyu Capital Fund III, L.P. ⁽²⁾	Interest in controlled corporations	180,000,000 Unlisted Foreign Shares	17.14%	180,000,000 Unlisted Foreign Shares	54.54%	15.42%
Boyu Capital General Partner III, L.P. ⁽²⁾	Interest in controlled corporations	180,000,000 Unlisted Foreign Shares	17.14%	180,000,000 Unlisted Foreign Shares	54.54%	15.42%
Boyu Capital General Partner III, Ltd. ⁽²⁾	Interest in controlled corporations	180,000,000 Unlisted Foreign Shares	17.14%	180,000,000 Unlisted Foreign Shares	54.54%	15.42%
Boyu Capital Group Holdings Ltd. ⁽²⁾	Interest in controlled corporations	180,000,000 Unlisted Foreign Shares	17.14%	180,000,000 Unlisted Foreign Shares	54.54%	15.42%

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised) ⁽⁶⁾		
		Number and class of Shares	Approximate percentage in the total issued share capital of our Company	Number and class of Shares	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage in the total issued share capital of our Company
Ruida I Limited ⁽³⁾	Beneficial owner	35,000,000 Unlisted Foreign Shares	3.33%	35,000,000 Unlisted Foreign Shares	10.60%	3.00%
Ruida II Limited ⁽³⁾	Beneficial owner	23,284,000 Unlisted Foreign Shares	2.22%	23,284,000 Unlisted Foreign Shares	7.05%	1.99%
Ruida Investments I Limited Partnership ⁽³⁾	Interest in controlled corporations	58,284,000 Unlisted Foreign Shares	5.55%	58,284,000 Unlisted Foreign Shares	17.66%	4.99%
Ruida III Limited ⁽³⁾	Beneficial owner	23,057,000 Unlisted Foreign Shares	2.20%	23,057,000 Unlisted Foreign Shares	6.99%	1.98%
Ruida Investments IV Limited Partnership ⁽³⁾	Interest in controlled corporations	23,057,000 Unlisted Foreign Shares	2.20%	23,057,000 Unlisted Foreign Shares	6.99%	1.98%
Ruida V Limited ⁽³⁾	Beneficial owner	5,689,000 Unlisted Foreign Shares	0.54%	5,689,000 Unlisted Foreign Shares	1.72%	0.49%
Ruida Investments III Limited Partnership ⁽³⁾	Interest in controlled corporations	5,689,000 Unlisted Foreign Shares	0.54%	5,689,000 Unlisted Foreign Shares	1.72%	0.49%
Glorious Falcon Investment Limited ⁽³⁾	Interest in controlled corporations	87,030,000 Unlisted Foreign Shares	8.29%	87,030,000 Unlisted Foreign Shares	26.37%	7.46%
Ruida IV Limited ⁽³⁾	Beneficial owner	2,970,000 Unlisted Foreign Shares	0.28%	2,970,000 Unlisted Foreign Shares	0.90%	0.25%
	Interest in controlled corporations	87,030,000 Unlisted Foreign Shares	8.29%	87,030,000 Unlisted Foreign Shares	26.37%	7.46%
Shenzhen Yuying No. 21 Investment Management Partnership Enterprise (Limited Partnership) (深圳市譽鷹第二十一投資管理合夥企業(有限合夥)) ⁽³⁾ ("Yuying 21")	Interest in controlled corporations	90,000,000 Unlisted Foreign Shares	8.57%	90,000,000 Unlisted Foreign Shares	27.27%	7.71%
Shenzhen Yuying No. 23 Investment Management Partnership Enterprise (Limited Partnership) (深圳市譽鷹第二十三投資管理合夥企業(有限合夥)) ⁽³⁾ ("Yuying 23")	Interest in controlled corporations	58,284,000 Unlisted Foreign Shares	5.55%	58,284,000 Unlisted Foreign Shares	17.66%	4.99%

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised) ⁽⁶⁾		
		Number and class of Shares	Approximate percentage in the total issued share capital of our Company	Number and class of Shares	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage in the total issued share capital of our Company
Shenzhen Yuying Investment Management Co., Ltd. (深圳市譽鷹投資管理有限公司) ⁽³⁾ (“Yuying Investment”).	Interest in controlled corporations	90,000,000 Unlisted Foreign Shares	8.57%	90,000,000 Unlisted Foreign Shares	27.27%	7.71%
Zhu Baoquan ⁽³⁾	Interest in controlled corporations	90,000,000 Unlisted Foreign Shares	8.57%	90,000,000 Unlisted Foreign Shares	27.27%	7.71%
Dream Landing Holdings Limited ⁽⁴⁾	Beneficial owner	30,042,000 Unlisted Foreign Shares	2.86%	30,042,000 Unlisted Foreign Shares	9.10%	2.57%
Dream Warrior Inc. ⁽⁴⁾	Interest in controlled corporations	30,042,000 Unlisted Foreign Shares	2.86%	30,042,000 Unlisted Foreign Shares	9.10%	2.57%
58.com Inc. ⁽⁴⁾	Interest in controlled corporations	30,042,000 Unlisted Foreign Shares	2.86%	30,042,000 Unlisted Foreign Shares	9.10%	2.57%
Yao Jinbo ⁽⁴⁾	Interest in controlled corporations	30,042,000 Unlisted Foreign Shares	2.86%	30,042,000 Unlisted Foreign Shares	9.10%	2.57%
HK Rui Xuan Enterprise Management Limited ⁽⁵⁾ (“Rui Xuan”).	Beneficial owner	30,000,000 Unlisted Foreign Shares	2.86%	30,000,000 Unlisted Foreign Shares	9.10%	2.57%
Qianhai Chuangxiang Technology (Shenzhen) Co., Ltd. (前海創享科技(深圳)有限公司) ⁽⁵⁾	Interest in controlled corporations	30,000,000 Unlisted Foreign Shares	2.86%	30,000,000 Unlisted Foreign Shares	9.10%	2.57%
Shenzhen Linkaiying Technology Development Co., Ltd. (深圳市琳凱盈科技發展有限公司) ⁽⁵⁾	Interest in controlled corporations	30,000,000 Unlisted Foreign Shares	2.86%	30,000,000 Unlisted Foreign Shares	9.10%	2.57%
Shenzhen Linzhu Investment Holding (Group) Co., Ltd. (深圳市琳珠投資控股(集團)有限公司) ⁽⁵⁾	Interest in controlled corporations	30,000,000 Unlisted Foreign Shares	2.86%	30,000,000 Unlisted Foreign Shares	9.10%	2.57%
Shenzhen Linzhu Trading Co., Ltd. (深圳市琳珠貿易有限公司) ⁽⁵⁾	Interest in controlled corporations	30,000,000 Unlisted Foreign Shares	2.86%	30,000,000 Unlisted Foreign Shares	9.10%	2.57%
Chen Kunming ⁽⁵⁾	Interest in controlled corporations	30,000,000 Unlisted Foreign Shares	2.86%	30,000,000 Unlisted Foreign Shares	9.10%	2.57%
China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司) ⁽⁶⁾ (“Mixed-ownership Reform Fund”).	Beneficial owner	–	–	11,382,300 H Shares	9.75%	0.98%
China Chengtong Holdings Group Co., Ltd. (中國誠通控股集團有限公司) ⁽⁶⁾ (“China Chengtong”).	Interest in controlled corporations	–	–	14,528,300 H Shares	12.45%	1.24%

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised) ⁽⁶⁾		
		Number and class of Shares	Approximate percentage in the total issued share capital of our Company	Number and class of Shares	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage in the total issued share capital of our Company
UBS Asset Management (Singapore) Ltd. ⁽⁷⁾ (“UBS AM Singapore”)	Investment manager	–	–	9,438,000 H Shares	8.09%	0.81%
UBS Asset Management AG ⁽⁷⁾	Interest in controlled corporations	–	–	9,438,000 H Shares	8.09%	0.81%
UBS Group AG ⁽⁷⁾	Interest in controlled corporations	–	–	9,438,000 H Shares	8.09%	0.81%

Notes:

- (1) Each of Wanhuquanyuan, Wanqing, Wanhu, Wanmazhengxian, Yingda Investment Fund and Wanshuzhimiao is a wholly-owned subsidiary of China Vanke. As such, China Vanke is deemed to be interested in the Domestic Shares held by each of Wanhuquanyuan, Wanqing, Wanhu, Wanmazhengxian, Yingda Investment Fund and Wanshuzhimiao pursuant to the SFO.
- (2) Radiant Sunbeam Limited is a wholly-owned subsidiary of Bumper Harvest Limited, which is in turn wholly owned by Boyu Capital Fund III, L.P. and Boyu Capital General Partner III, L.P. is the general partner of Boyu Capital Fund III, L.P.. Boyu Capital General Partner III, Ltd. is the general partner of Boyu Capital General Partner III, L.P. and Boyu Capital General Partner III, Ltd. is wholly owned by Boyu Capital Group Holdings Ltd.. As such, each of Boyu Capital Group Holdings Ltd., Boyu Capital General Partner III, Ltd., Boyu Capital General Partner III, L.P., Boyu Capital Fund III, L.P. and Bumper Harvest Limited is deemed to be interested in the Unlisted Foreign Shares held by Radiant Sunbeam Limited pursuant to the SFO.
- (3) Each of Ruida I Limited and Ruida II Limited is a wholly-owned subsidiary of Ruida Investments I Limited Partnership. Ruida III Limited is a wholly-owned subsidiary of Ruida Investments IV Limited Partnership and Ruida V Limited is a wholly-owned subsidiary of Ruida Investments III Limited Partnership. Glorious Falcon Investment Limited is the general partner of each of Ruida Investments I Limited Partnership, Ruida Investments IV Limited Partnership and Ruida Investments III Limited Partnership. In addition, Yuying 23 is a limited partner holding approximately 62.86% interests in Ruida Investments I Limited Partnership and the remaining interests are held by the general partner, Glorious Falcon Investment Limited. Ruida IV Limited is a limited partner holding approximately 50.00% interests in Ruida Investments III Limited Partnership and the remaining interests are held by the general partner. Glorious Falcon Investment Limited is a wholly-owned subsidiary of Ruida IV Limited, which in turn wholly owned by Yuying 21. The general partner of Yuying 21 is Yuying Investment. Mr. Zhu Baoquan, our chairman of the Board, an executive Director and the general manager of our Company, holds 67% of interests in Yuying Investment.

Therefore, Mr. Zhu Baoquan is deemed to be interested in the aggregate 90,000,000 Unlisted Foreign Shares held by Ruida I Limited, Ruida II Limited, Ruida III Limited, Ruida IV Limited and Ruida V Limited pursuant to Part XV of the SFO.

Among the 90,000,000 Unlisted Foreign Shares, 20,000,000 Unlisted Foreign Shares are directly held by Ruida III Limited for investment purpose, and 70,000,000 Unlisted Foreign Shares are held by the Employee Shareholding Platforms pursuant to the employee stock ownership plan. For further details, please refer to the section headed “History, Development and Corporate Structure — Major Corporate Development — Our Company — 2. Employee Stock Ownership Plan”, “History, Development and Corporate Structure — Major Corporate Development — Our Company — 7. November 2021 Transfer” and “Appendix VI — Statutory and General Information — 5. Employee Stock Ownership Plan”.

SUBSTANTIAL SHAREHOLDERS

- (4) Dream Landing Holdings Limited is a wholly-owned subsidiary of Dream Warrior Inc. which is in turn an indirect wholly-owned subsidiary of 58.com Inc.. 58.com Inc. is wholly-owned by Quantum Bloom Group Ltd. (a company incorporated in the Cayman Islands), which is controlled as to more than one-third by Mr. Yao Jinbo (through his intermediary controlled entities). As such, each of Dream Warrior Inc., 58.com Inc., Quantum Bloom Group Ltd. is deemed to be interested in the Unlisted Foreign Shares held by Dream Landing Holdings Limited.
- (5) Rui Xuan is a wholly-owned subsidiary of Qianhai Chuangxiang Technology (Shenzhen) Co., Ltd., which is in turn wholly owned by Shenzhen Linkaiying Technology Development Co., Ltd., which is owned as to 95% by Shenzhen Linzhu Investment Holding (Group) Co., Ltd. (“**Linzhu Group**”). Linzhu Group is owned as to 90% by Shenzhen Linzhu Trading Co., Ltd., which is in turn wholly held by Mr. Chen Kunming. As such, each of Qianhai Chuangxiang Technology (Shenzhen) Co., Ltd., Shenzhen Linkaiying Technology Development Co., Ltd., Linzhu Group and Shenzhen Linzhu Trading Co., Ltd. is deemed to be interested in the Unlisted Foreign Shares held by Rui Xuan.
- (6) Mixed-ownership Reform Fund is a cornerstone investor of our Company and will subscribe for 11,382,300 H Shares based on the Offer Price of HK\$49.9 (being the mid-point of the indicative Offer Price range). Mixed-ownership Reform Fund is a national fund approved by the State Council, entrusted by the State-owned Assets Supervision and Administration Commission of the State Council and initiated by China Chengtong. China Chengtong Investment is a cornerstone investor of our Company and will subscribe for 3,146,000 H Shares based on the Offer Price of HK\$49.9 (being the mid-point of the indicative Offer Price range). China Chengtong Investment is a wholly-owned subsidiary of China Chengtong Hong Kong Company Limited, which is an overseas capital operation platform of China Chengtong. As such, China Chengtong will be deemed to be interested in the H Shares held by Mixed-ownership Reform Fund and China Chengtong Investment.
- (7) UBS AM Singapore is a cornerstone investor of our Company and will subscribe for 9,438,000 H Shares based on the Offer Price of HK\$49.9 (being the mid-point of the indicative Offer Price range). UBS AM Singapore is a wholly owned subsidiary of UBS Asset Management AG, which is wholly ultimately owned by UBS Group AG. As such, UBS Group AG will be deemed to be interested in the H Shares held by UBS AM Singapore and UBS Asset Management AG.
- (8) The calculation is based on the total number of 720,378,000 Domestic Shares in issue, 330,042,000 Unlisted Foreign Shares in issue and 116,714,000 H Shares in issue upon Listing (assuming the Over-allotment Option is not exercised).

Save as disclosed above, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), have interests or short positions in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

SHARE CAPITAL

SHARE CAPITAL

Immediately before the Global Offering

As of the Latest Practicable Date, the registered capital of our Company was RMB1,050,420,000, comprising 1,050,420,000 Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the Global Offering

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the total share capital of our Company will be as follows:

Class of Shares	Number of Shares	Approximate percentage of issued share capital
Domestic Shares in issue	720,378,000	61.7%
Unlisted Foreign Shares in issue.	330,042,000	28.3%
H Shares to be issued pursuant to the Global Offering	<u>116,714,000</u>	<u>10.0%</u>
TOTAL	<u><u>1,167,134,000</u></u>	<u><u>100.0%</u></u>

Immediately following completion of the Global Offering (assuming the Over-allotment Option is exercised in full), the total share capital of our Company will be as follows:

Class of Shares	Number of Shares	Approximate percentage of issued share capital
Domestic Shares in issue	720,378,000	60.8%
Unlisted Foreign Shares in issue.	330,042,000	27.9%
H Shares to be issued pursuant to the Global Offering	<u>134,221,000</u>	<u>11.3%</u>
TOTAL	<u><u>1,184,641,000</u></u>	<u><u>100.0%</u></u>

SHARE CAPITAL

CLASSES OF SHARES

Upon completion of the Global Offering, our Company will have three classes of Shares, namely Domestic Shares, Unlisted Foreign Shares and H Shares, all of which are ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons. Domestic Shares, on the other hand, may only be traded in Renminbi and can only be subscribed by or traded among legal and natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors.

RANKING

Domestic Shares, Unlisted Foreign Shares and H Shares are regarded as different classes of Shares. The differences between the three classes of Shares, provisions on class rights, despatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of Shareholders, the procedure of transfer of Shares and appointment of dividend receiving agents as contained in the Articles of Association are set out in “Appendix IV — Summary of the Articles of Association.” The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the holders of Shares of that class at a separate meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in “Appendix IV — Summary of the Articles of Association.”

Save as disclosed above, Domestic Shares, Unlisted Foreign Shares and H Shares shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars. Other than cash, dividends could also be paid in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Upon completion of the Global Offering, our Company will have three classes of ordinary Shares, namely Domestic Shares, Unlisted Foreign Shares and H Shares. All our Unlisted Shares are not listed or traded on any stock exchange. The holders of our Unlisted Shares may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have been approved by the securities regulatory authorities of the State Council, including the CSRC. The listing of such converted Shares on the Stock Exchange will also require the approval of the Stock Exchange.

SHARE CAPITAL

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the listing of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after Listing to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register of members. As any listing of additional Shares after the Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it will not require such prior application for listing at the time of our listing in Hong Kong. No Shareholder voting is required for the conversion of such Shares or the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Unlisted Shares will be withdrawn from the Share register and we will re-register such Shares on our H Share register of members maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register of members will be on the condition that (a) our H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Stock Exchange will comply with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register of members, such Shares would not be listed as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

According to the Company Law, the Shares issued by our Company prior to the Global Offering are restricted from trading within one year from the Listing Date.

For details of the lock-up undertaking given by the Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules, see “Underwriting — Undertakings to the Stock Exchange pursuant to the Listing Rules — Undertakings by Our Controlling Shareholders.”

SHARE CAPITAL

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, our Company is required to register the Domestic Shares that are not listed on the overseas stock exchange with CSDC within 15 Business Days upon listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted shares as well as the current offering and listing of H Shares.

SHAREHOLDERS' APPROVAL FOR THE GLOBAL OFFERING

Approval from holders of the Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting held on March 2, 2022.

FINANCIAL INFORMATION

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in “Appendix I — Accountants’ Report,” together with the accompanying notes. Our combined financial statements have been prepared in accordance with the IFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Business” and elsewhere in this Prospectus.

OVERVIEW

Onewo is a forerunner that has effected the improvement of the PRC property services industry, with a strong commitment to technology innovation. Leveraging our brand strength and service quality, we have become a leading service provider with an unmatched growth model built upon the synergy of businesses across community, commercial and urban spaces. We are able to maintain such a leading position due to our culture of self-motivation. As our service offerings intertwine and further integrate with purpose-built technologies, we have become well-prepared to achieve economies of scale and capture adjacent opportunities. In terms of geographic focus, we strive to provide quality services to customers in high-tier cities with strong economic fundamentals.

During the Track Record Period, we derived revenue from the following three segments: (i) community space living consumption services; (ii) commercial and urban space integrated services; and (iii) AIoT and BPaaS solution services. During the Track Record Period, all three segments experienced continuous revenue growth. Our revenue increased from RMB13,927.3 million in 2019 to RMB18,145.5 million in 2020 and further increased to RMB23,704.5 million in 2021. Our revenue increased from RMB4,747.6 million in the three months ended March 31, 2021 to RMB6,847.5 million in the three months ended March 31, 2022. Our profit for the year increased from RMB1,040.3 million in 2019 to RMB1,518.9 million in 2020 and further increased to RMB1,714.3 million in 2021. Our profit for the period increased from RMB287.4 million in the three months ended March 31, 2021 to RMB318.8 million in the three months ended March 31, 2022.

BASIS OF PREPARATION AND PRESENTATION

We are a joint stock company with limited liability established in the PRC. Our historical financial information has been prepared in accordance with IFRSs. Please see the Accountants’ Report in Appendix I to this Prospectus for more information on the basis of preparation of our financial information included herein.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors are the principal factors that have affected and, we expect, will continue to affect our business, financial condition, results of operations and prospects.

Our Spaces and Customers' Relationship

Leveraging strong brand reputation and premium service quality, we continuously expand business boundaries and strength in different business lines, across communities, commercial and, in recent years, further into urban spaces. Our business and results of operations depend upon, among other things and to a certain extent, the scale of spaces under our management, which, in turn, is affected by our ability to attract and retain customers. During the Track Record Period, our revenue has been driven primarily by the continuous growth of residential property services and property and facility management services.

Residential Property Services

We consider service quality to be the foundation of our success and, have strived to improve customer experience. Our endeavors have resulted in robust revenue growth in residential property services and continuous increase in GFA under management, particularly from Independent Third Parties, during the Track Record Period. In 2019, 2020 and 2021, our revenue from residential property services amounted to RMB7,251.4 million, RMB9,130.1 million and RMB11,362.6 million, respectively, which contributed 52.1%, 50.3% and 47.9% to our total revenue, respectively. In the three months ended March 31, 2021 and 2022, our revenue from residential property services amounted to RMB2,473.5 million and RMB3,553.5 million, respectively, which contributed 52.1% and 51.9% to our total revenue, respectively. As of December 31, 2019, 2020 and 2021 and March 31, 2022, our GFA under management of residential communities was 431.1 million sq.m., 497.5 million sq.m., 660.4 million sq.m. and 670.2 million sq.m., respectively.

We were among the first in the industry to introduce the “coordinator service system” aiming at bringing up tailor-made service experience, minimizing response time and enhancing customer loyalty. Our service coordinators act as our first point of contact for property owners, through whom, we provide valuable assistance and suggestions to customers in the way to effectively preserve and enhance the value of relevant assets. We believe the trust we managed to build up through years of effort serve as the basis to channel home-related consumption needs of our customers to our domain, such as brokerage services for home sales and rentals, as well as home redecoration and furnishing services, where we can effectively achieve cross-selling of different business lines and synergies among business departments, as proved by our successful track record.

FINANCIAL INFORMATION

Property and Facility Management Services

The strategic cooperation with Cushman & Wakefield distinguished us as a go-to property and facility management services provider in China equipped with both local insights and global vision. As of December 31, 2021, we have established relationships with over 900 corporate and institutional customers, including eight of the Top 10 Internet companies in China and seven of the Top 10 financial services companies in China, both in terms of market capitalization as of December 31, 2021. Our revenue from property and facility management services also increased significantly in 2019, 2020 and 2021, which amounted to RMB2,568.8 million, RMB4,023.3 million and RMB5,288.1 million and contributed 18.4%, 22.2% and 22.4% to our total revenue in 2019, 2020 and 2021, respectively. In the three months ended March 31, 2021 and 2022, our revenue from property and facility management services amounted to RMB1,020.4 million and RMB1,651.9 million, respectively, which contributed 21.5% and 24.1% to our total revenue, respectively.

Our holistic understanding of the operating needs of each customer allows us to effectively identify and address their priorities. As many of our customers continue to grow, their workplace needs inherently increase in terms of both scale and complexity. We closely follow and study relevant changes and take a proactive approach to bringing up suitable solutions, resulting in expansion of services scope and revenue growth. Going forward, we intend to keep focusing on attracting customers with strong growth potential, particularly those from emerging industries, to further expand our quality customer base.

Our Business Mix

During the Track Record Period, we provided different types of services under the following three business segments: (i) community space living consumption services; (ii) commercial and urban space integrated services; and (iii) AIoT and BPaaS solution services. Our profitability varies across different types of services, depending on the nature of services we offer and the revenue model we adopt. Any change in the revenue mix or change in the profitability of any service offering may have a corresponding impact on our overall profitability. The following table sets forth the revenue contribution by segment and the respective gross profit margins for the years or periods indicated:

	For the year ended December 31,									For the three months ended March 31,					
	2019			2020			2021			2021			2022		
	RMB'000	%	Gross profit margin	RMB'000	%	Gross profit margin	RMB'000	%	Gross profit margin	RMB'000	%	Gross profit margin	RMB'000	%	Gross profit margin
	<i>(unaudited)</i>														
Community space living consumption services	8,828,469	63.4	16.1	10,623,121	58.5	18.7	13,161,025	55.5	15.8	2,786,495	58.7	14.4	3,910,887	57.1	13.2
Commercial and urban space integrated services	4,292,597	30.8	20.5	6,488,589	35.8	17.2	8,693,128	36.7	15.9	1,623,082	34.2	13.2	2,437,843	35.6	12.7
AIoT and BPaaS solution services	806,223	5.8	21.2	1,033,754	5.7	24.6	1,850,386	7.8	29.9	337,978	7.1	25.1	498,792	7.3	33.0
Total/Overall	13,927,289	100.0	17.7	18,145,464	100.0	18.5	23,704,539	100.0	17.0	4,747,555	100.0	14.7	6,847,522	100.0	14.5

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Our gross profit margin for community space living consumption services decreased to 15.8% in 2021, primarily because we were entitled to certain social security relief aimed at mitigating the impact of COVID-19 in 2020, which was no longer available in 2021. Besides, as part of our holistic approach to improve operational efficiency and cost structure through technology empowerment, we achieved an increasing revenue contribution from the segment of AIoT and BPaaS solution services during the Track Record Period, which carries a relatively higher gross profit margin. For details, please see “— Principal Components of Our Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin.” In the long term, we strive to improve our overall gross profit margin through increasing the spatial density and diversity of services in strategically important cities in an effort to realize economies of scale and capture adjacent opportunities.

Our Branding and Pricing Ability

Our financial condition and results of operations are affected by the pricing we charge for our services, which is, in part, affected by our brand recognition and market position in the PRC. In the area of community space living consumption services, we have a comprehensive and well-recognized brand matrix, including *Vanke Service* and *Pulin*. We intend to further enhance our brand recognition by providing quality community space living consumption services, and strengthen our brand image to expand our property service scale. In the area of commercial and urban space integrated services, to further promote our brand recognition, we launched *Cushman & Wakefield Vanke Service* and established *City Up* as our independent urban space operation brand.

In addition, we leverage our branding in pricing our services, and take into account factors such as the scope of our services, intended profit margins, budget and locations of our properties. We also consider other factors such as competitiveness of our peers as well as our ability to shape and preserve our image as a quality property service provider. In particular, we would consider (i) the requirements of scope and quality of our services, (ii) our estimated costs and profit margin target, (iii) management fees charged in nearby and comparable properties and competitors in the industry; and (iv) the types and locations of the communities. In determining our pricing, we strive to achieve a balance between pricing our services sufficiently competitive while ensuring an attractive profit margin. Failure to balance various factors in determining our pricing could materially and adversely affect our financial condition and results of operations.

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Our pricing ability can materially affect our results of operations. We set forth below a sensitivity analysis of our revenue and profit for the years or periods with reference to the fluctuations of average monthly saturated income per sq.m. for residential property services and property and facility management services during the Track Record Period for illustration purposes. The sensitivity analysis below demonstrates the impact of the hypothetical decrease and increase in average monthly saturated income per sq.m. for residential property services and property and facility management services on our revenue and profit, while all other factors remain unchanged:

	For the year ended December 31,			For the three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Profit for the year/period	1,040,279	1,518,855	1,714,291	287,433	318,752
Assuming 5% decrease in our average monthly saturated income per sq.m.					
Impact on revenue.	(491,008)	(657,673)	(832,535)	(174,694)	(260,272)
Impact on profit for the year/period ⁽¹⁾	(368,256)	(493,255)	(624,401)	(131,020)	(195,204)
Assuming 5% increase in our average monthly saturated income per sq.m.					
Impact on revenue.	491,008	657,673	832,535	174,694	260,272
Impact on profit for the year/period ⁽¹⁾	368,256	493,255	624,401	131,020	195,204

Note:

(1) Impact on profit for the year/period was calculated assuming an EIT of 25%.

Ability to Mitigate the Impact of Rising Labor Costs and Subcontracting Costs

Any significant increases in our staff costs and subcontracting costs may negatively affect our profit margin and reduce our profitability. Our profitability depends on staff costs which affect both cost of sales and other operating expenses such as administrative expenses and selling and distribution expenses. Besides, our profitability also depends on subcontracting costs which affect our cost of sales.

During the Track Record Period, our staff costs and subcontracting costs in aggregate constituted a substantial portion of our cost of sales. In 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our staff costs recorded in costs of sales amounted to RMB6,433.1 million, RMB5,209.0 million, RMB7,235.0 million, RMB1,501.5 million and RMB2,180.9 million, respectively, which represented 56.1%, 35.2%, 36.8%, 37.1% and 37.2% of our total costs of sales for the same years or periods, respectively. We have also outsourced certain services, such as security, cleaning and gardening, repair and maintenance services. In 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our subcontracting costs recorded in costs of sales amounted to RMB2,455.4 million, RMB6,732.5 million, RMB8,515.2 million, RMB1,936.9 million and RMB2,666.0 million, respectively, which represented 21.4%, 45.5%, 43.3%, 47.8% and 45.5%, respectively, of our total costs of sales for the same years or periods. Staff costs in our administrative expenses amounted to RMB546.6 million, RMB686.8 million, RMB904.8 million, RMB187.3 million and RMB294.6 million in 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, respectively, representing 50.7%, 50.4%, 50.5%, 58.2% and 61.8%, respectively, of our total administrative expenses for the same years or periods.

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During the Track Record Period, our staff costs and subcontracting costs increased as a result of the expansion of our business as well as increases in average wages in the regions where we operate. To cope with rising staff costs, we have implemented a number of cost-saving measures, including implementing technology initiatives and digitalization efforts to reduce our reliance on labor. We have also outsourced certain labor-intensive services and specialized services, primarily including security and repair and maintenance services, to both independent and affiliated service providers and cleaning and gardening services, while maintaining close supervision of their services to ensure service quality and efficiency. See “Business — Subcontracting.”

For illustration purpose only, the following table sets forth a sensitivity analysis that demonstrates the impact of hypothetical increases in our staff costs and subcontracting costs included in the cost of sales on our profit for the years or periods indicated, with reference to historical fluctuations of average wages and proportion of specialized services outsourced to subcontractors, assuming all other factors remain unchanged:

	For the year ended December 31,			For the three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Profit for the year/period	1,040,279	1,518,855	1,714,291	287,433	318,752
Assuming 5% increase in our staff costs and subcontracting costs included in the cost of sales					
Impact on cost of sales	444,425	597,072	787,513	171,919	242,345
Impact on profit for the year/period ⁽¹⁾	(333,319)	(447,804)	(590,635)	(128,939)	(181,759)
Assuming 10% increase in our staff costs and subcontracting costs included in the cost of sales					
Impact on cost of sales	888,850	1,194,144	1,575,026	343,839	484,690
Impact on profit for the year/period ⁽¹⁾	(666,638)	(895,608)	(1,181,269)	(257,879)	(363,517)

Note:

(1) Impact on profit for the year/period was calculated assuming an EIT of 25%.

Regulatory and Market Conditions of the Real Estate and Property Services Industry

Our business and results of operations are substantially affected by our ability to obtain new service engagements from property owners’ associations, property developers, institutional clients and local government authorities. The number of new property development projects is dependent on the performance of the real estate market in the PRC, which is subject to the general economic conditions, the rate of urbanization and, consequently, the demand for properties in the PRC. In addition, the number of facility management services projects and urban space operation services projects are also subject to the general economic conditions in the PRC. Any economic downturn in the PRC could adversely affect our business, results of operations and financial position.

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The regulatory environment in the PRC and policies and measures taken by the PRC Government have also affected the development of the real estate market and property management market, which in turn affects our business and results of operations. See “Risk Factors — Risks Relating to Our Business and Industry — The success of our business is dependent on general economic and market conditions,” “Risk Factors — Risks Relating to Our Business and Industry — We are subject to the regulatory environment and measures affecting the PRC property service and real estate industries, including government guidance on property service fee levels” and “Risk Factors — Risks Relating to Conducting Business in the PRC” in this Prospectus.

The PRC Government has issued a series of favorable laws and policies to incentivize the development of the property service industry. These policies, such as the “Implementation Opinions on Promoting Use of Government and Social Capital Cooperation Model” (《關於進一步加強城市精細化管理工作的實施意見》) issued by the PRC Government in 2020, have encouraged property management companies like us to expand and modernize their business and have fostered the growth and development of the industry. See “Industry Overview — The PRC Commercial and Urban Space Integrated Services Market — Market Drivers — Favorable Policies” in this Prospectus. However, we cannot guarantee that the PRC Government will continue to issue favorable laws, regulations and policies. Moreover, we cannot guarantee that the PRC Government will not suspend or terminate the current favorable laws, regulations and policies, or that the PRC Government will not introduce laws or policies that directly or indirectly discourage the development of the property service industry.

Our Historical Acquisitions and Post-Acquisition Consolidation

During the Track Record Period, as part of the strategy to enhance our established competitive edges, we acquired several property management companies, which contributed to our business growth and results of operations for these periods. For example, we acquired Bon Property and Yango Intelligent. We started to consolidate Bon Property’s financial information in September 2021 and Yango Intelligent’s financial information in October 2021. We expanded our property services project portfolio and enhanced focus on the cities we currently operate in and diversified residential and non-residential properties through these acquisitions. For details of the acquisition, see “Business — Our Acquisition of Yango Intelligent” and “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers During Track Record Period.” However, we may not be able to achieve projected strategic objectives or the expected return on investment from such acquisitions.

In future, we plan to continually evaluate opportunities to acquire and invest in other companies and businesses that are supplementary to our existing business and consolidate their operations into ours. To implement such strategies, we need to allocate capital and human resources to identify suitable opportunities and complete such transactions in a timely manner on terms that allow us to achieve desired strategic objectives and expected returns. Our business operations, financial performance and prospects are dependent on our ability to identify suitable targets, successfully execute the mergers and acquisitions, and integrate the business of such targets into ours. Leveraging the consolidation of such business, we will

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expand our business across community, commercial and urban spaces purposely, aiming to increase spatial density and diversity in strategically important cities and regions. However, acquisitions involve uncertainties and risks, such as failure to achieve the intended objectives, diversion of resources and management's attention, potential ongoing financial obligations and unforeseen or hidden liabilities, non-compliance incidents and legal disputes. Please see "Risk Factors — Risks Relating to Our Business and Industry — Our acquisitions, investment in other companies or strategic alliance with third parties may not be successful and we may face difficulties in integrating acquired operations with our existing business" for further details.

Competition

The PRC community space living consumption services market as well as the commercial and urban space integrated services market are fragmented and competitive, with an increasing market concentration rate in recent years. As a leading integrated service provider with national presence, we compete with both national and regional property management companies in terms of property service, and with other providers of similar services in terms of our value-added services. Our ability to effectively compete with our competitors and maintain or improve our market position is therefore crucial and depends on our ability to differentiate us from industry peers through ensuring service quality, efficiency and consistency. Our ability to maintain such position will also affect our ability to source new, and renew existing, residential property service contracts and property and facility management service contracts as well as expand our GFA under management, failure in which would hinder the growth and profitability of our business and prospects.

If we fail to source new contracts or renew existing property service contracts and expand our GFA under management and services, we may lose market position in our principal business lines and our pricing ability, revenue and profitability may decrease. For details of the industry and markets that we operate in, please also see "Risk Factors — Risks Relating to Our Business and Industry — We are in a competitive business with various competitors and if we do not compete successfully against existing and new competitors, our business, financial condition, results of operations and prospects may be materially and adversely affected," "Business — Competition" and "Industry Overview — The PRC Commercial and Urban Space Integrated Services Market — Our Competitive Position."

SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies and estimates, which we consider significant in the preparation of our financial statements in accordance with IFRSs. These significant accounting policies are set forth in note 2.3 to the Accountants' Report in Appendix I to this Prospectus, which are important for understanding of our financial condition and results of operations.

Some of our accounting policies involve subjective assumptions, estimates and judgments that are discussed in note 3 of the Accountants' Report in Appendix I to this Prospectus. The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and

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their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Our management has identified below accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements.

Revenue Recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

We provide community space living consumption services, commercial and urban space integrated services and AIoT and BPaaS solution services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Community space living consumption services

Community space living consumption services comprise of: (i) residential property services; (ii) home-related asset services; and (iii) other community value-added services.

Residential property services primarily include cleaning services, security services, gardening services and repair and maintenance services to property owners, property owners' associations or residents for residential properties. For property management services, revenue is recognized when services are rendered to the customer at an amount that reflects the consideration to which we expect to be entitled in exchange of those services.

For property services income from properties managed on a lump sum basis, where we act as principal and is primarily responsible for providing the property management services to the property owners, we recognize the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

For property services income from properties managed on a management remuneration basis, we act as an agent and recognize the management remuneration, which is calculated by referencing to the total property management fee receivable from the property owners, as its revenue for arranging and monitoring the services provided by service suppliers to the property owners.

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Home-related asset services mainly include home sale and rental brokerage services and home redecoration and furnishing services. Revenue from home sale and rental brokerage services is recognized at the point in time when the services are rendered and accepted by the customers. Revenue from home redecoration and furnishing services is recognized over time, in the amount we have a right to bill, because the customer simultaneously receives and consumes the benefits provided by us.

Other community value-added services mainly include (i) commission income from carpark space sales assistance services, which are recognized on a net basis at point in time when the control of properties or the use rights of carpark spaces are transferred to the customer; and (ii) revenue from common area operation services, electromechanical device maintenance services and community catering services, which is recognized over the time when such services are rendered.

Commercial and urban space integrated services

Commercial and urban space integrated services mainly include property and facility management services, value-added services for developers and urban space integrated services.

We offer comprehensive property and facility management services including (i) commercial property services which focus on the property management tasks of commercial premises; and (ii) integrated facility management services which focus on addressing the workplace needs arising from the non-core business processes of occupiers. We bill a fixed amount for services provided on a monthly basis and recognize it as revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

Value-added services for developers mainly include (i) sales center and model room unit management; (ii) pre-delivery support services; and (iii) building maintenance services. We agree the price for each service with the property developers upfront and issues the monthly bill to the property developers which varies based on the actual level of service completed in that month. Revenue from value-added services is recognized over time, in the amount to which we have a right to invoice, because the property developers simultaneously receive and consumes the benefit provided by us.

AIoT and BPaaS solution services

AIoT and BPaaS solution services mainly include smart property solutions.

Smart property solutions mainly include equipment, design, integration and construction which are highly interdependent and interrelated. We account for these goods and services as a single performance obligation. Revenue from smart property solutions is recognized over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by our performance as we perform and we have an enforceable right to payment for performance completed to date.

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Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is either in other comprehensive income or directly in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where we operate and generate taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss);
- In respect of taxable temporary differences associated with investments in subsidiaries, associated companies and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or ventures and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognized for all deductible temporary differences, and the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associated companies and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognized in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if and only if we have a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances arises. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or if outside the measurement period, it is recognized in profit or loss.

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Leases

Right-of-use assets

We recognize right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	one to 15 years
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Lease liabilities

At the commencement date of the lease, we recognize lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by us and payments of penalties for terminating a lease, if the lease term reflects us exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

We apply the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets lease recognition exemption to leases that are considered of low value. Lease payments on short-term leases and of low-value assets leases are recognized as expense on a straight-line basis over the lease terms.

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Investment Properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided using the straight-line method to write off the cost of the investment properties over the estimated useful lives. Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by our Group, liabilities assumed by our Group to the former owners of the acquiree and the equity interests issued by our Group in exchange for control of the acquiree. For each business combination, our Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We perform our annual impairment test of goodwill as of December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether our assets or liabilities are assigned to those units or groups of units.

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Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period. For more details, see Note 2.3 to the Accountants' Report in Appendix I to this Prospectus.

Intangible Assets (Other Than Goodwill)

Intangible assets (other than goodwill) primarily represent customer relationship resulted from our historical acquisitions. Customer relationship acquired in a business combination is recognized at fair value at the acquisition date. The customer relationship has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected useful life of the customer relationship, which is 10 years. The expected useful life is primarily related to property service contracts, and is determined based on management's best estimate of the total period from which the benefits will be derived from the customer relationship and will reflect the consumption of future economic benefits from the customer relationship, taking into account: (i) the typical term of the property service contracts; and (ii) the historical track record of successful contract renewal. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table summarizes our results of operations for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,					
	2019		2020		2021		2021		2022			
	RMB' 000	%	RMB' 000	%	RMB' 000	%	RMB'000	%	RMB'000	%		
	<i>(unaudited)</i>											
Revenue	13,927,289	100.0	18,145,464	100.0	23,704,539	100.0	4,747,555	100.0	6,847,522	100.0		
Cost of sales	(11,458,895)	(82.3)	(14,780,734)	(81.5)	(19,684,527)	(83.0)	(4,048,400)	(85.3)	(5,856,653)	(85.5)		
Gross profit	2,468,394	17.7	3,364,730	18.5	4,020,012	17.0	699,155	14.7	990,869	14.5		
Other income and gains	324,557	2.3	370,873	2.0	417,318	1.8	91,408	1.9	84,656	1.2		
Selling and distribution expenses	(128,139)	(0.9)	(166,418)	(0.9)	(257,152)	(1.1)	(34,916)	(0.7)	(80,856)	(1.2)		
Administrative expenses	(1,077,885)	(7.7)	(1,362,551)	(7.5)	(1,791,847)	(7.6)	(321,601)	(6.8)	(476,900)	(7.0)		
Impairment losses on financial assets, net	(143,380)	(1.0)	(117,296)	(0.6)	(68,669)	(0.3)	(27,807)	(0.6)	(81,576)	(1.2)		
Other expenses	(3,452)	(0.0)	(22,181)	(0.1)	(22,950)	(0.1)	(2,595)	(0.1)	(1,611)	(0.0)		
Finance costs	(6,268)	(0.0)	(14,428)	(0.1)	(10,207)	(0.0)	(2,580)	(0.1)	(3,017)	(0.0)		
Share of profits of joint ventures	7,564	0.1	44,349	0.2	(12,331)	(0.1)	(2,862)	(0.1)	(2,165)	(0.0)		
Share of profits of associates	13,330	0.1	11,795	0.1	45,835	0.2	(4,244)	(0.1)	(2,163)	(0.0)		
Profit before tax	1,454,721	10.6	2,108,873	11.6	2,320,009	9.8	393,958	8.1	427,237	6.3		
Income tax expense	(414,442)	(3.1)	(590,018)	(3.2)	(605,718)	(2.6)	(106,525)	(2.0)	(108,485)	(1.6)		
Profit for the year/period	1,040,279	7.5	1,518,855	8.4	1,714,291	7.2	287,433	6.1	318,752	4.7		
Attributable to:												
Owners of the parent	1,019,894	98.0	1,464,039	96.4	1,667,642	97.3	281,609	98.0	311,651	97.8		
Non-controlling interests	20,385	2.0	54,816	3.6	46,649	2.7	5,824	2.0	7,101	2.2		

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Revenue

During the Track Record Period, we generated revenue from three segments, namely (i) community space living consumption services; (ii) commercial and urban space integrated services; and (iii) AIoT and BPaaS solution services. The following table sets forth a breakdown of our total revenue by segment and service line during the Track Record Period, both in absolute amount and as a percentage of total revenue during the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Community space living consumption services										
– Residential property services	7,251,379	52.1	9,130,142	50.3	11,362,630	47.9	2,473,474	52.1	3,553,485	51.9
– Home-related asset services	890,041	6.4	950,440	5.2	1,255,539	5.3	216,577	4.6	240,573	3.5
– Other community value-added services.	687,049	4.9	542,539	3.0	542,856	2.3	96,444	2.0	116,829	1.7
Subtotal	8,828,469	63.4	10,623,121	58.5	13,161,025	55.5	2,786,495	58.7	3,910,887	57.1
Commercial and urban space integrated services										
– Property and facility management services	2,568,773	18.4	4,023,316	22.2	5,288,069	22.4	1,020,400	21.5	1,651,946	24.1
– Value-added services for developers	1,693,247	12.2	2,363,247	13.0	3,065,277	12.9	558,744	11.8	663,737	9.7
– Urban space integrated services	30,577	0.2	102,026	0.6	339,782	1.4	43,938	0.9	122,160	1.8
Subtotal	4,292,597	30.8	6,488,589	35.8	8,693,128	36.7	1,623,082	34.2	2,437,843	35.6
AIoT and BPaaS solution services										
– AIoT solutions	692,573	5.0	782,783	4.3	1,216,352	5.1	258,018	5.4	311,476	4.6
– BPaaS solutions	113,650	0.8	250,971	1.4	634,034	2.7	79,960	1.7	187,316	2.7
Subtotal	806,223	5.8	1,033,754	5.7	1,850,386	7.8	337,978	7.1	498,792	7.3
Total	13,927,289	100.0	18,145,464	100.0	23,704,539	100.0	4,747,555	100.0	6,847,522	100.0

During the Track Record Period, all of our three business segments experienced rapid revenue growth, leading to a continuous increase in our total revenue. While our community space living consumption services contributed a majority of the total revenue throughout the Track Record Period, revenue from our commercial and urban space integrated services as a percentage of our total revenue increased during the same years due to our increasing efforts to serve corporate and institutional clients. In particular, our strategic partnership with Cushman & Wakefield has enabled us to integrate our existing competitive edges in Greater China so as to effectively carry out our property and facility management services primarily

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using *Cushman & Wakefield Vanke Service*, a brand we launched in 2020. As part of our holistic approach to enhance service capabilities and efficiency, AIoT and BPaaS solution services played an important role in our overall business. The revenue generated from AIoT and BPaaS solution services continued increasing during the Track Record Period due to the expansion of our business scale as well as our successful development of AIoT solutions and BPaaS solutions. The increase in revenue from the three months ended March 31, 2021 to the three months ended March 31, 2022 was mainly attributed to (i) our continuous efforts in expanding our business and (ii) the fact that we consolidated the results of operations of Bon Property and Yango Intelligent in the first quarter of 2022 after the completion of acquisitions in late 2021.

The following table sets forth a breakdown of our total revenue by business segment and type of ultimate paying customer during the Track Record Period, both in absolute amount and as a percentage of total revenue during the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Community space living consumption services										
– China Vanke Group and its joint ventures or associates	315,528	2.3	426,007	2.3	507,615	2.1	67,706	1.4	119,264	1.7
– Independent Third Parties	8,512,941	61.1	10,197,114	56.2	12,653,410	53.4	2,718,789	57.3	3,791,623	55.4
Subtotal	8,828,469	63.4	10,623,121	58.5	13,161,025	55.5	2,786,495	58.7	3,910,887	57.1
Commercial and urban space integrated services										
– China Vanke Group and its joint ventures or associates	1,327,838	9.5	2,266,598	12.5	2,913,647	12.3	537,612	11.3	651,868	9.5
– Independent Third Parties	2,964,759	21.3	4,221,991	23.3	5,779,481	24.4	1,085,470	22.9	1,785,975	26.1
Subtotal	4,292,597	30.8	6,488,589	35.8	8,693,128	36.7	1,623,082	34.2	2,437,843	35.6
AIoT and BPaaS solution services										
– China Vanke Group and its joint ventures or associates	500,738	3.6	679,394	3.7	1,133,942	4.8	227,342	4.8	270,772	4.0
– Independent Third Parties	305,485	2.2	354,360	2.0	716,444	3.0	110,636	2.3	228,020	3.3
Subtotal	806,223	5.8	1,033,754	5.7	1,850,386	7.8	337,978	7.1	498,792	7.3
Total	13,927,289	100.0	18,145,464	100.0	23,704,539	100.0	4,747,555	100.0	6,847,522	100.0

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Community space living consumption services

We offer residential property services, home-related asset services, and other community value-added services in residential properties.

During the Track Record Period, we achieved rapid revenue growth in our community space living consumption services. The following table sets forth a breakdown of our revenue from community space living consumption services by type of services for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Residential property services	7,251,379	82.1	9,130,142	85.9	11,362,630	86.3	2,473,474	88.8	3,553,485	90.9
Home-related asset services										
– Home sale and rental brokerage services	566,675	6.4	632,266	6.0	818,729	6.2	159,435	5.6	184,806	4.7
– Home redecoration and furnishing services	323,366	3.7	318,174	3.0	436,810	3.3	57,142	2.1	55,767	1.4
Subtotal	890,041	10.1	950,440	9.0	1,255,539	9.5	216,577	7.7	240,573	6.1
Other community value-added services										
– Carpark space sales assistance services	419,303	4.8	360,017	3.4	338,411	2.6	58,133	2.1	56,276	1.4
– Others ⁽¹⁾	267,746	3.0	182,522	1.7	204,445	1.6	38,311	1.4	60,553	1.6
Subtotal	687,049	7.8	542,539	5.1	542,856	4.2	96,444	3.5	116,829	3.0
Total	8,828,469	100.0	10,623,121	100.0	13,161,025	100.0	2,786,495	100.0	3,910,887	100.0

Note:

- (1) Others primarily include common area operation services, electromechanical device maintenance services and community catering services.

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We manage and operate residential properties across the PRC. Our largest revenue contributors came from East China and South China, accounting for 53.4%, 52.8%, 53.1%, 53.2% and 53.1% of our total revenue in 2019, 2020 and 2021 and in the three months ended March 31, 2021 and 2022, respectively. The following table sets forth a breakdown of our revenue from community space living consumption services by geographical region for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
East China	2,939,733	33.3	3,416,920	32.2	4,212,809	32.0	887,033	31.8	1,295,143	33.1
South China	1,777,116	20.1	2,192,003	20.6	2,778,522	21.1	596,826	21.4	781,328	20.0
North China	1,375,562	15.6	1,716,524	16.2	2,030,163	15.4	429,688	15.4	590,909	15.1
West China.	947,846	10.7	1,127,360	10.6	1,501,085	11.4	291,841	10.5	499,775	12.8
Northeast China	957,926	10.9	1,213,944	11.4	1,455,060	11.1	334,386	12.0	399,169	10.2
Central China	830,286	9.4	956,370	9.0	1,183,386	9.0	246,721	8.9	344,563	8.8
Total.	8,828,469	100.0	10,623,121	100.0	13,161,025	100.0	2,786,495	100.0	3,910,887	100.0

The following table sets forth a breakdown of our revenue from community space living consumption services by city tier for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
First-tier cities and Hong Kong	1,701,696	19.3	2,013,201	19.0	2,402,624	18.3	524,100	18.8	636,546	16.3
New first-tier cities	4,453,276	50.4	5,305,818	49.9	6,278,939	47.7	1,364,463	49.0	1,788,585	45.7
Second-tier cities.	2,195,876	24.9	2,685,485	25.3	3,565,758	27.1	721,039	25.9	1,146,800	29.3
Others	477,621	5.4	618,617	5.8	913,704	6.9	176,893	6.3	338,956	8.7
Total.	8,828,469	100.0	10,623,121	100.0	13,161,025	100.0	2,786,495	100.0	3,910,887	100.0

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Residential property services

Revenue from residential property services increased during the Track Record Period, primarily driven by (i) the increase in the total GFA under management as a result of our business expansion and (ii) the increase in our average monthly saturated income per sq.m. During the Track Record Period, we experienced fast growth in our GFA under management, which was approximately 431.1 million sq.m., 497.5 million sq.m., 660.4 million sq.m. and 670.2 million sq.m., respectively, as of December 31, 2019, 2020 and 2021 and March 31, 2022. As of December 31, 2019, 2020 and 2021 and March 31, 2022, our average monthly saturated income per sq.m. for residential properties in the PRC was approximately RMB3.06, RMB3.08, RMB3.13 and RMB3.14, respectively.

During the Track Record Period, we charged service fees for residential property services either on a lump-sum basis or on a management remuneration basis. During the Track Record Period, 94.9%, 95.7%, 96.4% and 97.5% of our revenue generated from residential property service we provided to residential properties was derived from service fees charged on a lump-sum basis, respectively, while 5.1%, 4.3%, 3.6% and 2.5% was on a management remuneration basis for the same year or period, respectively.

During the Track Record Period, we generated revenue from our provision of property service to residential properties developed by China Vanke Group and its joint ventures or associated companies as well as Independent Third Parties.

The following table sets forth a breakdown of our revenue from residential property services under the community space living consumption services segment by property developer type for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
China Vanke Group and its joint ventures or associated companies	4,820,127	66.5	5,887,146	64.5	6,932,047	61.0	1,579,955	63.9	1,978,590	55.7
Independent Third Parties	2,431,252	33.5	3,242,996	35.5	4,430,583	39.0	893,519	36.1	1,574,895	44.3
Total	<u>7,251,379</u>	<u>100.0</u>	<u>9,130,142</u>	<u>100.0</u>	<u>11,362,630</u>	<u>100.0</u>	<u>2,473,474</u>	<u>100.0</u>	<u>3,553,485</u>	<u>100.0</u>

During the Track Record Period, we generated a majority of our residential property service revenue under the community space living consumption services segment from properties developed by China Vanke Group and its joint ventures or associated companies, though the contribution of such properties decreased as a percentage of our total residential property services revenue under this segment. Meanwhile, contribution to revenue of our

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residential property services from properties developed by Independent Third Parties increased during the same years. We aim to continuously increase the absolute amount of revenue generated from properties developed by both China Vanke Group and its joint ventures or associated companies and Independent Third Parties while expanding the percentage of revenue generated from the latter.

Home-related asset services

Our home-related asset services include (i) home sale and rental brokerage services and (ii) home redecoration and furnishing services. During the Track Record Period, revenue generated from our home-related asset services continued increasing, primarily due to an increase in the number of properties under our management and the residents whom we served in line with our business expansion.

The following table sets forth a breakdown of our revenue from home-related asset services under the community space living consumption services segment for the years or periods indicated, both in absolute amount and as a percentage of our revenue from home-related asset services:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Home sale and rental brokerage services	566,675	63.7	632,266	66.5	818,729	65.2	159,435	73.6	184,806	76.8
Home redecoration and furnishing services	323,366	36.3	318,174	33.5	436,810	34.8	57,142	26.4	55,767	23.2
Total	890,041	100.0	950,440	100.0	1,255,539	100.0	216,577	100.0	240,573	100.0

Other community value-added services

Our other community value-added services primarily include carpark space sales assistance services and common area operation services. Revenue generated from our other community value-added services decreased from RMB687.0 million in 2019 to RMB542.5 million in 2020 and remained relatively stable at RMB542.9 million in 2021, primarily attributed to decreasing stock of carpark spaces in line with our business strategy. Revenue generated from our other community value-added services increased from RMB96.4 million in the three months ended March 31, 2021 to RMB116.8 million in the three months ended March 31, 2022, primarily attributed to the increase in revenue generated from common area operation services.

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Commercial and urban space integrated services

Our commercial and urban space integrated services primarily comprise (i) property and facility management services; (ii) value-added services for developers; and (iii) urban space integrated services.

We achieved rapid revenue growth in our commercial and urban space integrated services during the Track Record Period. The following table sets forth a breakdown of our revenue from commercial and urban space integrated services by type of services for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,					
	2019		2020		2021		2021		2022			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%		
	<i>(unaudited)</i>											
Property and facility management services	2,568,773	59.8	4,023,316	62.0	5,288,069	60.8	1,020,400	62.9	1,651,946	67.8		
Value-added services for developers												
– Sales center and model room management . . .	1,265,042	29.5	1,430,463	22.0	1,812,306	20.8	364,103	22.4	398,176	16.3		
– Pre-delivery support services	391,345	9.1	533,380	8.2	682,988	7.9	89,703	5.5	119,062	4.9		
– Building maintenance services	36,860	0.9	399,404	6.2	569,983	6.6	104,938	6.5	146,499	6.0		
Subtotal	1,693,247	39.5	2,363,247	36.4	3,065,277	35.3	558,744	34.4	663,737	27.2		
Urban space integrated services	30,577	0.7	102,026	1.6	339,782	3.9	43,938	2.7	122,160	5.0		
Total	4,292,597	100.0	6,488,589	100.0	8,693,128	100.0	1,623,082	100.0	2,437,843	100.0		

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Our largest revenue contributors under commercial and urban space integrated services segment came from East China and South China, accounting for aggregate 61.2%, 60.6%, 60.0%, 60.0% and 64.2% of our total revenue generated from commercial and urban space integrated services in 2019, 2020 and 2021 and in the three months ended March 31, 2021 and 2022, respectively. The following table sets forth a breakdown of our revenue from commercial and urban space integrated services by geographical region for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
East China	1,460,579	34.0	2,062,978	31.8	2,596,693	29.9	446,942	27.5	817,068	33.5
South China	1,166,221	27.2	1,871,663	28.8	2,620,634	30.1	527,589	32.5	747,791	30.7
North China	800,656	18.6	1,248,025	19.2	1,466,527	16.9	317,972	19.6	383,430	15.7
West China.	397,832	9.3	549,409	8.5	843,858	9.7	144,450	8.9	217,145	8.9
Northeast China	258,630	6.0	360,624	5.6	485,420	5.6	99,419	6.1	124,563	5.1
Central China	208,679	4.9	395,890	6.1	679,996	7.8	86,710	5.4	147,846	6.1
Total.	4,292,597	100.0	6,488,589	100.0	8,693,128	100.0	1,623,082	100.0	2,437,843	100.0

The following table sets forth a breakdown of our revenue from commercial and urban space integrated services by city tier for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
First-tier cities and Hong Kong	1,280,658	29.8	2,127,910	32.8	2,878,833	33.1	564,882	34.8	824,222	33.8
New first-tier cities	1,811,616	42.2	2,700,350	41.6	3,590,022	41.3	698,326	43.0	927,109	38.0
Second-tier cities.	998,032	23.3	1,393,685	21.5	1,827,707	21.0	311,115	19.2	525,060	21.6
Others	202,291	4.7	266,644	4.1	396,566	4.6	48,759	3.0	161,452	6.6
Total.	4,292,597	100.0	6,488,589	100.0	8,693,128	100.0	1,623,082	100.0	2,437,843	100.0

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Property and facility management services

During the Track Record Period, we carried out our property and facility management services primarily through our *Cushman & Wakefield Vanke Service* brand, which we established in 2020 with Cushman & Wakefield, one of the “Big Five” Global Real Estate Firms according to F&S. Our property and facility management services include commercial property services and integrated facility management services. We manage various types of properties, including but not limited to workspaces, commercial complexes and public premises.

In 2019, 2020 and 2021, revenue generated from property and facility management services amounted to RMB2,568.8 million, RMB4,023.3 million and RMB5,288.1 million, respectively. In the three months ended March 31, 2021 and 2022, revenue generated from property and facility management services amounted to RMB1,020.4 million and RMB1,651.9 million, respectively. The rapid increase in revenue generated from property and facility management services from 2019 to 2020 was mainly attributed to our business expansion as well as our strategic cooperation with Cushman & Wakefield to combine local insights with global vision. The increase in revenue generated from property and facility management services from 2020 to 2021 was primarily due to our expanding business scale, as we strengthened cooperation with our key clients with leading industry positions and attracted new clients with strong growth potential. The increase in revenue generated from property and facility management services from the three months ended March 31, 2021 to the three months ended March 31, 2022 was mainly attributed to our business expansion.

The following table sets forth a breakdown of our revenue from property and facility management services under the commercial and urban space integrated services by property type for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Workspaces	2,026,865	78.9	3,198,213	79.5	4,099,369	77.5	827,881	81.1	1,167,407	70.7
Others ⁽¹⁾	541,908	21.1	825,103	20.5	1,188,700	22.5	192,519	18.9	484,539	29.3
Total	2,568,773	100.0	4,023,316	100.0	5,288,069	100.0	1,020,400	100.0	1,651,946	100.0

Note:

(1) Others primarily include commercial complexes and public premises.

During the Track Record Period, revenue generated from our services to workspaces experienced an upward trend, mainly attributable to the expansion of business relationships with corporate and institutional clients and an increasing number of projects.

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The following table sets forth a breakdown of our revenue from property and facility management services under the commercial and urban space integrated services by property developer for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
China Vanke Group and its joint ventures or associated companies	439,237	17.1	621,097	15.4	890,843	16.8	189,234	18.5	276,362	16.7
Independent Third Parties	2,129,536	82.9	3,402,219	84.6	4,397,226	83.2	831,166	81.5	1,375,584	83.3
Total	2,568,773	100.0	4,023,316	100.0	5,288,069	100.0	1,020,400	100.0	1,651,946	100.0

During the Track Record Period, we generated a majority of our property and facility management services from properties developed by Independent Third Parties, primarily due to our strong outreaching capacities and optimized marketing capability.

Value-added services for developers

Our value-added services for developers include (i) sales center and model room management services; (ii) pre-delivery support services; and (iii) building maintenance services.

The following table sets forth a breakdown of our revenue from value-added services for developers under the commercial and urban space integrated services segment for the years or periods indicated, both in absolute amount and as a percentage of our revenue from value-added services for developers:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Sales center and model room management services	1,265,042	74.7	1,430,463	60.5	1,812,306	59.1	364,103	65.2	398,176	60.0
Pre-delivery support services	391,345	23.1	533,380	22.6	682,988	22.3	89,703	16.0	119,062	17.9
Building maintenance services	36,860	2.2	399,404	16.9	569,983	18.6	104,938	18.8	146,499	22.1
Total	1,693,247	100.0	2,363,247	100.0	3,065,277	100.0	558,744	100.0	663,737	100.0

During the Track Record Period, the revenue generated from value-added services for developers continued increasing in line with our business expansion. In 2020, revenue generated from building maintenance services experienced a rapid upward trend, primarily because we started to put more efforts in developing this business line since the end of 2019.

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Urban space integrated services

We actively take part in the “smart city” initiative of the PRC Government and endeavor to empower urban space operation with cutting-edge technologies and innovative managerial solutions. We established *City Up* as our independent urban space operation brand. We provided customers all or a combination of (i) territory-wide space governance solutions and (ii) public space operation services.

In 2019, 2020 and 2021, our revenue generated from urban space integrated services was RMB30.6 million, RMB102.0 million and RMB339.8 million, respectively, accounting for 0.2%, 0.6% and 1.4% of our total revenue for the same year, respectively. In the three months ended March 31, 2021 and 2022, our revenue generated from urban space integrated services was RMB43.9 million and RMB122.2 million, respectively, accounting for 0.9% and 1.8% of our total revenue for the same period, respectively. The significant increase in 2021 was primarily attributed to the increasing number of projects as well as our expanded scope of services. The increase of revenue in the three months ended March 31, 2022 was mainly due to the expansion of our business, as we took continuous efforts in securing engagement of new projects.

In addition, we provide urban space integrated services primarily through our associated companies. For profit contribution from our associated companies, please see “— Principal Components of Our Consolidated Statements of Profit or Loss — Shares of Profits of Associates.”

AIoT and BPaaS solution services

Our AIoT and BPaaS solution services comprise of: (i) AIoT solutions and (ii) BPaaS solutions. In 2019, 2020 and 2021, our revenue generated from AIoT and BPaaS solution services was RMB806.2 million, RMB1,033.8 million and RMB1,850.4 million, respectively, representing 5.8%, 5.7% and 7.8% of our total revenue during the same year, respectively. In the three months ended March 31, 2021 and 2022, our revenue generated from AIoT and BPaaS solution services was RMB338.0 million and RMB498.8 million, respectively, accounting for 7.1% and 7.3% of our total revenue for the same period, respectively. The continuous increase in our revenue generated from AIoT and BPaaS solution services during the Track Record Period was primarily attributable to our efforts in promoting technology solutions, leveraging our industry know-how and technology strength.

The following table sets forth a breakdown of our revenue from AIoT and BPaaS solution services by type of services for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
AIoT solutions	692,573	85.9	782,783	75.7	1,216,352	65.7	258,018	76.3	311,476	62.4
BPaaS solutions	113,650	14.1	250,971	24.3	634,034	34.3	79,960	23.7	187,316	37.6
Total	806,223	100.0	1,033,754	100.0	1,850,386	100.0	337,978	100.0	498,792	100.0

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Our revenue generated from AIoT and BPaaS solutions increased from RMB806.2 million in 2019 to RMB1,033.8 million in 2020 and further increased to RMB1,850.4 million in 2021, and from RMB338.0 million in the three months ended March 31, 2021 to RMB498.8 million in the three months ended March 31, 2022. Such continuous increase was primarily due to the expansion of our AIoT solutions, leveraging our upfront solid foundation, deep expertise in services and strong technological capabilities. In addition, in regards to our BPaaS solutions, we increased efforts in providing a comprehensive portfolio of remote operation solutions primarily through remote enterprise operation services.

Cost of sales

Our cost of sales represents costs and expenses directly related to the provision of our services, which mainly comprise (i) subcontracting costs; (ii) staff costs; (iii) common area facility costs; and (iv) engineering costs.

The following table sets forth a breakdown of our cost of sales for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Subcontracting costs . . .	2,455,444	21.4	6,732,459	45.5	8,515,209	43.3	1,936,917	47.8	2,665,955	45.5
Staff costs	6,433,060	56.1	5,208,980	35.2	7,235,047	36.8	1,501,468	37.1	2,180,941	37.2
Common area facility costs	1,132,452	9.9	1,239,078	8.4	1,766,140	9.0	227,826	5.6	384,885	6.6
Engineering costs	462,397	4.0	613,732	4.2	1,010,246	5.1	195,291	4.8	233,953	4.0
Office and other related costs	807,345	7.1	848,270	5.8	848,307	4.2	143,188	3.5	238,435	4.1
Depreciation and amortization	168,197	1.5	138,215	0.9	309,578	1.6	43,710	1.2	152,484	2.6
Total	11,458,895	100.0	14,780,734	100.0	19,684,527	100.0	4,048,400	100.0	5,856,653	100.0

During the Track Record Period, our cost of sales continued increasing in line with our business expansion.

Subcontracting costs mainly include fees paid for specialized services outsourced to subcontractors such as security, cleaning and greening. The increase in our subcontracting costs from 2019 to 2020 was mainly due to the fact that part of our services that used to be undertaken by our own workforce have been rearranged to subcontracting arrangement in line with our business development strategy. In addition, such increase was attributed to our business expansion. The increase in our subcontracting costs from 2020 to 2021 and from the three months ended March 31, 2021 to the three months ended March 31, 2022 was primarily attributable to our business expansion.

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The decrease in our staff costs from 2019 to 2020 was mainly due to the underlying reason for the increase in subcontracting costs mentioned above. Notwithstanding the impact of such decrease in our headcounts, the average wage of our employees increased from 2019 to 2020. The decrease was also attributed to certain social security relief aimed at mitigating the impact of COVID-19. Our staff costs increased from RMB5,209.0 million in 2020 to RMB7,235.0 million in 2021 and from RMB1,501.5 million in the three months ended March 31, 2021 to RMB2,180.9 million in the three months ended March 31, 2022, because we hired more staff in line with our business expansion. The increase was also attributable to an increase in average wage of our employees.

Common area facility costs mainly represent (i) utilities costs we incurred in providing services, particularly in relation to public areas of relevant residential, commercial and urban space projects and (ii) costs related to repair and maintenance of equipment as well as relevant materials we used to conduct such maintenance. During the Track Record Period, our common area facility costs continued increasing, primarily due to increased number of projects as a result of our business expansion. In addition, we made improvements to the facilities for certain projects under our management in order to enhance customers' satisfaction.

Engineering costs mainly relate to costs incurred from our AIoT business. During the Track Record Period, our engineering costs continued increasing due to our expansion and growth in integrated smart space projects to provide various service offerings to our clients, as a result of our superior project management and delivery capabilities.

The following table sets forth a breakdown of our cost of sales by segment and service line during the Track Record Period, both in absolute amount and as a percentage of total cost during the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Community space living consumption services										
– Residential property services	6,561,230	57.3	7,760,306	52.5	10,097,252	51.4	2,197,113	54.3	3,191,339	54.6
– Home-related asset services	595,986	5.2	648,873	4.4	874,803	4.4	163,037	4.0	177,635	3.0
– Other community value-added services	251,836	2.2	222,434	1.5	104,472	0.5	25,749	0.6	25,961	0.4
Subtotal	<u>7,409,052</u>	<u>64.7</u>	<u>8,631,613</u>	<u>58.4</u>	<u>11,076,527</u>	<u>56.3</u>	<u>2,385,899</u>	<u>58.9</u>	<u>3,394,935</u>	<u>58.0</u>
Commercial and urban space integrated services										
– Property and facility management services	2,169,430	19.0	3,448,549	23.3	4,562,542	23.2	905,905	22.4	1,476,225	25.1
– Value-added services for developers	1,216,959	10.6	1,833,505	12.4	2,467,485	12.5	473,184	11.7	554,397	9.5
– Urban space integrated services	27,769	0.2	87,746	0.6	280,586	1.4	30,346	0.7	96,958	1.7
Subtotal	<u>3,414,158</u>	<u>29.8</u>	<u>5,369,800</u>	<u>36.3</u>	<u>7,310,613</u>	<u>37.1</u>	<u>1,409,435</u>	<u>34.8</u>	<u>2,127,580</u>	<u>36.3</u>

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	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
AIoT and BPaaS solution services										
– AIoT solutions	507,549	4.4	564,879	3.8	915,634	4.7	205,086	5.1	224,145	3.8
– BPaaS solutions	128,136	1.1	214,442	1.5	381,753	1.9	47,980	1.2	109,993	1.9
Subtotal	635,685	5.5	779,321	5.3	1,297,387	6.6	253,066	6.3	334,138	5.7
Total	11,458,895	100.0	14,780,734	100.0	19,684,527	100.0	4,048,400	100.0	5,856,653	100.0

Gross profit and gross profit margin

In 2019, 2020 and 2021, our gross profit was RMB2,468.4 million, RMB3,364.7 million and RMB4,020.0 million, respectively. In the three months ended March 31, 2021 and 2022, our gross profit was RMB699.2 million and RMB990.9 million, respectively. The increases were primarily due to our increased business scale.

In 2019, 2020 and 2021, our gross profit margin was 17.7%, 18.5% and 17.0%, respectively. In the three months ended March 31, 2021 and 2022, our gross profit margin was 14.7% and 14.5%, respectively. Our overall gross profit margins are primarily affected by our business mix, pricing policies, and cost structures.

Our gross profit and gross profit margin were also negatively impacted by the amortization of intangible assets resulted from our historical acquisitions through which we expanded our spatial density and diversity in line with our business development strategy, at an amount of RMB112.3 million, RMB80.9 million and RMB193.4 million in 2019, 2020 and 2021, respectively. The amortization of intangible assets resulted from our historical acquisitions amounted to RMB20.5 million and RMB127.2 million in the three months ended March 31, 2021 and 2022, respectively. For details of our accounting policy, please see “— Significant Accounting Policies, Judgments and Estimates — Intangible Assets (Other Than Goodwill).”

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The following table sets forth a breakdown of our gross profit and gross profit margin by segment and service line during the Track Record Period, during the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Community space living consumption services										
– Residential property services	690,149	9.5	1,369,836	15.0	1,265,378	11.1	276,361	11.2	362,146	10.2
– Home-related asset services	294,055	33.0	301,567	31.7	380,736	30.3	53,540	24.7	62,938	26.2
– Other community value-added services	435,213	63.3	320,105	59.0	438,384	80.8	70,695	73.3	90,868	77.8
Subtotal/Overall	1,419,417	16.1	1,991,508	18.7	2,084,498	15.8	400,596	14.4	515,952	13.2
Commercial and urban space integrated services										
– Property and facility management services	399,343	15.5	574,767	14.3	725,527	13.7	114,495	11.2	175,721	10.6
– Value-added services for developers	476,288	28.1	529,742	22.4	597,792	19.5	85,560	15.3	109,340	16.5
– Urban space integrated services	2,808	9.2	14,280	14.0	59,196	17.4	13,592	30.9	25,202	20.6
Subtotal/Overall	878,439	20.5	1,118,789	17.2	1,382,515	15.9	213,647	13.2	310,263	12.7
AIoT and BPaaS solution services										
– AIoT solutions	185,024	26.7	217,904	27.8	300,718	24.7	52,932	20.5	87,331	28.0
– BPaaS solutions	(14,486)	(12.7)	36,529	14.6	252,281	39.8	31,980	40.0	77,323	41.3
Subtotal/Overall	170,538	21.2	254,433	24.6	552,999	29.9	84,912	25.1	164,654	33.0
Total/Overall	2,468,394	17.7	3,364,730	18.5	4,020,012	17.0	699,155	14.7	990,869	14.5

Community space living consumption services

The gross profit margin for our community space living consumption services is largely affected by the gross profit margin for residential property services.

Our gross profit margin for residential property services increased from 9.5% in 2019 to 15.0% in 2020, primarily due to (i) we were entitled to certain social security relief aimed at mitigating the impact of COVID-19 in 2020 and (ii) economies of scale as a result of our business expansion. Our gross profit margin for residential property services decreased to 11.1% in 2021, primarily because certain social security relief aimed at mitigating the impact

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of COVID-19 was no longer available in 2021. Our gross profit margin for residential property services decreased from 11.2% in the three months ended March 31, 2021 to 10.2% in the three months ended March 31, 2022, primarily due to amortization of intangible assets resulted from our historical acquisitions.

Our gross profit margin for home-related asset services decreased from 33.0% in 2019 to 31.7% in 2020, and further decreased to 30.3% in 2021, primarily attributable to the investment in our store network as Pulin brand further penetrates the market. Our gross profit margin for home-related asset services increased from 24.7% in the three months ended March 31, 2021 to 26.2% in the three months ended March 31, 2022, primarily due to economies of scale as a result of our business expansion.

Our gross profit margin for other community value-added services increased from 59.0% in 2020 to 80.8% in 2021 and from 73.3% in the three months ended March 31, 2021 to 77.8% in the three months ended March 31, 2022, as a result of larger revenue contribution from common area operation services which carry a relatively high gross profit margin.

Commercial and urban space integrated services

The gross profit margin for our commercial and urban space integrated services decreased from 20.5% in 2019 to 17.2% in 2020 and further decreased to 15.9% in 2021, primarily due to the decrease in gross profit margin for value-added services for developers from 28.1% in 2019 to 22.4% in 2020 and further to 19.5% in 2021. The decrease from 2019 to 2021 was primarily attributed to the ramp-up of revenue from building maintenance services, which carries relatively low gross profit margin. However, by providing our clients with a diversified portfolio of value-added services, we strengthened our relationship with clients as well as our ability to attract new clients with various needs.

The decrease of gross profit margin for our commercial and urban space integrated services was also due to the larger revenue contribution from property and facility management services during the Track Record Period which however carries a relatively low gross profit margin. The gross profit margin for our property and facility management services decreased during the Track Record Period, primarily due to the rapid expansion of our project portfolio and a higher portion of new service mandates which carry a relatively low gross profit margin at the early stage.

The gross profit margin for our commercial and urban space integrated services decreased from 13.2% in the three months ended March 31, 2021 to 12.7% in the three months ended March 31, 2022. Such decrease was mainly due to (i) the larger revenue contribution from property and facility management services during the same period as mentioned above and (ii) the amortization of intangible assets resulted from our historical acquisitions.

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AIoT and BPaaS solution services

The gross profit margin for our AIoT and BPaaS solution services experienced an upward trend during the Track Record Period, primarily because (i) our BPaaS solutions were still at the early stage of development in 2019 and only started commercialization in 2020; and (ii) we continuously took efforts in diversifying our service offerings of AIoT and BPaaS solutions.

Other income and gains

Our other income and gains mainly include government grants, interest income, gain on disposal of investment properties and fair value gains or losses on financial assets at fair value through profit or loss. In 2019, 2020, 2021, our other income and gains was RMB324.6 million, RMB370.9 million and RMB417.3 million, respectively. In the three months ended March 31, 2021 and 2022, our other income and gains was RMB91.4 million and RMB84.7 million, respectively.

The following table sets forth a breakdown of our other income and gains for the years or periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Government grants	80,807	133,764	172,090	34,345	44,859
Interest income	36,337	39,889	85,189	12,624	10,473
Gain on disposal of investment properties	156,299	130,659	80,852	17,950	8,653
Fair value gains or losses on financial assets at fair value through profit or loss	48,712	55,125	50,389	21,018	5,384
Other non-operating income	2,402	11,436	28,798	5,471	15,287
Total	<u>324,557</u>	<u>370,873</u>	<u>417,318</u>	<u>91,408</u>	<u>84,656</u>

Our government grants mainly represent financial subsidies received from local governments relating to business operations as an incentive for business development. There are no unfulfilled conditions or contingencies relating to these government grants. The increase in government grants during the Track Record Period was primarily due to increased tax subsidies related to input value-added taxes, benefiting from the expansion of our business.

Interest income mainly represents interest income from bank deposits. In 2019, 2020 and 2021, the increase in our interest income was primarily due to the increase in our deposits in banks. Our interest income decreased from the three months ended March 31, 2021 to the three months ended March 31, 2022 primarily due to the decrease in our deposits in banks.

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Gain on disposal of investment properties mainly represents the gain on disposal of certain self-owned properties, in particular, carpark spaces owned by us, which we purchased from our controlling shareholder for resale to ultimate purchasers. The gain on disposal of investment properties decreased during the Track Record Period was primarily due to the decreasing stock of carpark spaces.

Fair value gains or losses on financial assets at fair value through profit or loss mainly represent certain gains from wealth management products we purchased from reputable commercial banks in line with our cash management policies. The increase in fair value gains or losses on financial assets at fair value through profit or loss from 2019 to 2020 was primarily because we purchased more wealth management products. The decrease in our fair value gains/losses on financial assets at fair value through profit or loss from 2020 to 2021 and from the three months ended March 31, 2021 to the three months ended March 31, 2022 was primarily because we redeemed early some wealth management products.

Selling and distribution expenses

Our selling and distribution expenses consist of staff costs and marketing and promotion expenses.

Staff costs mainly represent salaries and employee benefit paid for our marketing and promotion staff. Marketing and promotion expenses mainly represent payments we made to third parties for launching marketing or promotional events.

The following table sets forth a breakdown of our selling and distribution expenses for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Staff costs	89,611	69.9	109,184	65.6	129,513	50.4	22,967	65.8	51,638	63.9
Marketing and promotion expenses	38,528	30.1	57,234	34.4	127,639	49.6	11,949	34.2	29,218	36.1
Total	128,139	100.0	166,418	100.0	257,152	100.0	34,916	100.0	80,856	100.0

Our selling and distribution expenses increased during the Track Record Period, which was primarily due to (i) our increasing efforts in marketing and brand promotion in line with our business growth and (ii) the increased expenses in staff costs. Meanwhile, in 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our selling and distribution expenses account for 0.9%, 0.9%, 1.1%, 0.7% and 1.2%, respectively, of our total revenue for the relevant years. The stable trend in 2019 and 2020 was primarily attributed to our continuous efforts to maintain cost-efficiency of our sales and marketing work. The increase from 0.9% in 2020 to 1.1% in 2021 was primarily due to our enhanced efforts in marketing activities. The increase from 0.7% in the three months ended March 31, 2021 to 1.2% in the three months ended March 31, 2022 was attributed to the same reason mentioned above.

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Administrative expenses

Our administrative expenses mainly comprise (i) staff costs; (ii) research and development expenses; and (iii) office and related expenses.

The following table sets forth a breakdown of our administrative expenses for the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Staff costs	546,626	50.7	686,800	50.4	904,806	50.5	187,302	58.2	294,622	61.8
Research and development expenses	203,608	18.9	249,457	18.3	373,686	20.8	79,259	24.7	105,186	22.1
Office and related expenses	178,600	16.6	278,529	20.5	337,869	18.9	19,382	6.0	32,135	6.7
Others ⁽¹⁾	149,051	13.8	147,765	10.8	175,486	9.8	35,658	11.1	44,957	9.4
Total	1,077,885	100.0	1,362,551	100.0	1,791,847	100.0	321,601	100.0	476,900	100.0

Note:

(1) Others mainly include depreciation and amortization, handling charges and tax expenses.

Our administrative expenses increased by 26.4% from RMB1,077.9 million in 2019 to RMB1,362.6 million in 2020 and further increased by 31.5% to RMB1,791.8 million in 2021. Our administrative expenses increased by 48.3% from RMB321.6 million in the three months ended March 31, 2021 to RMB476.9 million in the three months ended March 31, 2022. During the Track Record Period, our administrative expenses continued increasing in line with our business growth. In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, administrative expenses accounted for 7.7%, 7.5%, 7.6%, 6.8% and 7.0%, respectively, of our total revenue for the relevant years or periods.

Staff costs represent the salaries and staff welfare we paid to our administrative staff. Staff costs continued increasing during the Track Record Period primarily because we hired more professional management staff in line with our business expansion. The increase was also partially attributable to an increase in the average wage rate.

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Research and development expenses represent expenses related to our research and development of smart technology solutions to support business operational management, to improve customer experience, and to promote the development of smart communities in order to make them safer, more comfortable and more convenient. Our research and development expenses mainly include salaries paid to research and development staff, outsourced research and development services expenses and depreciation and amortization of equipment.

The following table sets forth a breakdown of our research and development expenses during the Track Record Period, both in absolute amount and as a percentage during the years or periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Staff costs	115,972	57.0	138,928	55.7	197,889	53.0	35,017	44.2	54,588	51.9
Subcontracting costs . .	72,258	35.5	86,757	34.8	149,855	40.1	40,781	51.5	41,830	39.8
Depreciation and amortization	2,777	1.4	2,934	1.2	3,722	1.0	377	0.5	581	0.6
Others	12,601	6.1	20,838	8.3	22,220	5.9	3,084	3.8	8,187	7.7
Total	203,608	100.0	249,457	100.0	373,686	100.0	79,259	100.0	105,186	100.0

Research and development expenses continued increasing during the Track Record Period, primarily due to our strengthened dedication in technology investment to further enhance our research and development capabilities.

Impairment losses on financial assets, net

Our impairment losses on financial assets, net are provisions for losses arising from potential bad debts in respect of our trade receivables and other receivables in the ordinary course of business. We assess impairment losses on financial assets based on a number of factors, including historical payment records and forward-looking information.

In 2019, 2020, 2021, our impairment losses on financial assets was RMB143.4 million, RMB117.3 million, RMB68.7 million, respectively. From 2019 to 2021, our impairment losses on financial assets, net continued decreasing, primarily because we continuously took efforts in optimizing management of projects and engaging in more quality projects as well as enhancing efforts in collecting trade and other receivables. Our impairment losses on financial assets, net increased from RMB27.8 million in the three months ended March 31, 2021 to RMB81.6 million in the three months ended March 31, 2022, primarily attributable to the increase in trade and other receivables as we continued expanding business operations.

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Other expenses

Our other expenses primarily consist of litigation expenses and liquidated damages under certain business contracts, which were incurred during the ordinary course of our business operations. In 2019, 2020 and 2021, our other expenses were RMB3.5 million, RMB22.2 million and RMB23.0 million, accounting for 0.0%, 0.1% and 0.1%, respectively, of our total revenue for the relevant years. The increase in our other expenses from 2019 to 2020 and 2021 was primarily attributable to expenses in relation to litigations that we have been involved in during the ordinary course of business in 2020 and 2021. In the three months ended March 31, 2021 and 2022, our other expenses were RMB2.6 million and RMB1.6 million, accounting for 0.1% and 0.0%, respectively, of our total revenue for the relevant periods.

Finance costs

Our finance costs primarily consist of interest on lease liabilities and interest on bank loans. The following table sets forth a breakdown of our finance costs for the years or periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Interest on lease liabilities. . .	5,915	7,617	9,856	2,498	2,434
Interest on bank loans	353	6,811	351	82	583
Total	<u>6,268</u>	<u>14,428</u>	<u>10,207</u>	<u>2,580</u>	<u>3,017</u>

Our interest on lease liabilities mainly represents interests charged to profit or loss over the lease period under certain lease arrangements for land use rights and buildings. From 2019 to 2021, the continuous increase in interest on lease liabilities was primarily attributable to the increased leasing facilities such as offices to support our business operation and growth.

The increase in interest on bank loans from 2019 to 2020 was primarily attributed to us making additional bank loans in 2020 relating to our business combination with Greater China property and facility management business of Cushman & Wakefield in 2020. For more details, please also see “History, Development and Corporate Structure — Business Development Milestones.” The decrease in our interest on bank loans from 2020 to 2021 was primarily because we repaid certain bank loans.

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Share of profits of joint ventures

Share of profits of joint ventures represents the profits gained from our investment in joint ventures.

Our share of profits of joint ventures increased by 486.3% from RMB7.6 million in 2019 to RMB44.3 million in 2020, reflecting our business strategy of entering into select areas through cooperation with enterprises with leading positions.

Our share of profits of joint ventures was RMB44.3 million in 2020 and turned to share of losses of joint ventures of RMB12.3 million, RMB2.9 million and RMB2.2 million in 2021, the three months ended March 31, 2021 and 2022, respectively, primarily attributable to the underperformance of certain invested joint ventures.

Share of profits of associates

Share of profits of associates represents the profits gained from our investment in associated companies. Our associates primarily include property management companies and companies conducting urban space integrated services.

Our share of profits of associates decreased by 11.5% from RMB13.3 million in 2019 to RMB11.8 million in 2020, primarily because many associated companies we invested in under the business line of urban space integrated services were at the early stage of development, and thus incurred significant start-up costs.

Our share of profits of associates increased by 288.6% from RMB11.8 million in 2020 to RMB45.8 million in 2021, primarily attributable to the ramp up of our urban space integrated services.

Our share of losses of associates narrowed from RMB4.2 million in the three months ended March 31, 2021 to RMB2.2 million in the three months ended March 31, 2022, primarily due to the improving performance of certain invested associates.

Income tax expense

Income tax expense primarily represents income tax expense borne by us under relevant PRC and Hong Kong income tax rules and regulations.

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The table below sets forth a breakdown of our income tax expense in absolute amount for the years or periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Current	420,452	595,280	616,529	121,001	165,709
Deferred tax	<u>(6,010)</u>	<u>(5,262)</u>	<u>(10,811)</u>	<u>(14,476)</u>	<u>(57,224)</u>
Total	<u>414,442</u>	<u>590,018</u>	<u>605,718</u>	<u>106,525</u>	<u>108,485</u>

The Company and most of its subsidiaries were incorporated in the PRC. Under the relevant PRC corporate income tax law and respective regulations, the Company and most of the subsidiaries within the Group were subject to corporate income tax at the statutory rate of 25% for the Track Record Period.

Our certain subsidiaries were entitled to a preferential income tax rate of 15% during the Track Record Period. In addition, Hong Kong profits tax was provided at the rate of 16.5% on our assessable profits derived from Hong Kong during the Track Record Period. For details, please see Note 11 to the Accountants' Report set out in Appendix I to this Prospectus.

Effective tax rate, calculated as our income tax expense divided by profit before tax, was 28.5%, 28.0%, 26.1%, 27.0% and 25.4%, respectively, in 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022. The continuous decrease in our effective tax rate throughout the Track Record Period was primarily due to the preferential tax treatment as well as our efforts to optimize our tax liabilities.

Our income tax expense increased by 42.4% from RMB414.4 million in 2019 to RMB590.0 million in 2020 and further increased by 2.7% to RMB605.7 million in 2021. The continuous increase in our income tax expense from 2019 to 2021 was due to increases in our taxable income which was in line with our business expansion. Our income tax expense increased from RMB106.5 million in the three months ended March 31, 2021 to RMB108.5 million in the three months ended March 31, 2022.

Profit for the year/period

As a result of the foregoing, our profit for the year increased by 46.0% from RMB1,040.3 million in 2019 to RMB1,518.9 million in 2020 and further increased by 12.9% to RMB1,714.3 million in 2021. Our profit for the period increased by 10.9% from RMB287.4 million in the three months ended March 31, 2021 to RMB318.8 million in the three months ended March 31, 2022.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following discussion compares the major components of our operating results for 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022.

Comparison between the three months ended March 31, 2021 and 2022

REVENUE

Our revenue increased by 44.2% from RMB4,747.6 million for the three months ended March 31, 2021 to RMB6,847.5 million for the same period of 2022, primarily attributable to the continuous and rapid growth of all three business segments.

Community space living consumption services

Our revenue generated from community space living consumption services increased from RMB2,786.5 million for the three months ended March 31, 2021 to RMB3,910.9 million for the same period of 2022.

Residential property services

Our revenue generated from residential property services increased from RMB2,473.5 million for the three months ended March 31, 2021 to RMB3,553.5 million for the same period of 2022, primarily due to (i) the increase in GFA under management of residential properties to 670.2 million sq.m. as of March 31, 2022 and (ii) the increase in our average monthly saturated income per sq.m. to approximately RMB3.14 as of March 31, 2022.

Home-related asset services

Our revenue generated from home-related asset services increased from RMB216.6 million for the three months ended March 31, 2021 to RMB240.6 million for the same period of 2022, primarily due to the increase in the number of properties under our management and the residents whom we serve in line with our business expansion.

Other community value-added services

Our revenue generated from other community value-added services increased from RMB96.4 million for the three months ended March 31, 2021 to RMB116.8 million for the same period of 2022, primarily attributed to the increase in revenue generated from common area operation services.

FINANCIAL INFORMATION

Commercial and urban space integrated services

Our revenue generated from commercial and urban space integrated services increased from RMB1,623.1 million for the three months ended March 31, 2021 to RMB2,437.8 million for the same period of 2022.

Property and facility management services

Our revenue generated from property and facility management services increased from RMB1,020.4 million for the three months ended March 31, 2021 to RMB1,651.9 million for the same period of 2022, primarily due to our business expansion.

Value-added services for developers

Our revenue generated from value-added services for developers increased from RMB558.7 million for the three months ended March 31, 2021 to RMB663.7 million for the same period of 2022, in line with our business expansion.

Urban space integrated services

Our revenue generated from urban space integrated services increased from RMB43.9 million for the three months ended March 31, 2021 to RMB122.2 million for the same period of 2022, mainly due to the expansion of our business, as we took continuous efforts in securing engagement of new projects.

AIoT and BPaaS solution services

Our revenue generated from AIoT and BPaaS solution services increased from RMB338.0 million for the three months ended March 31, 2021 to RMB498.8 million for the same period of 2022. In particular, revenue generated from BPaaS solutions increased from RMB80.0 million for the three months ended March 31, 2021 to RMB187.3 million for the same period of 2022, primarily attributed to our optimized marketing capability in developing this business line as well as attracting new clients by providing more types of services.

Cost of sales

Our cost of sales increased by 44.7% from RMB4,048.4 million for the three months ended March 31, 2021 to RMB5,856.7 million for the same period of 2022, primarily attributable to (i) the increase in staff costs from RMB1,501.5 million in the three months ended March 31, 2021 to RMB2,180.9 million in the three months ended March 31, 2022 as we hired more staff in line with our business expansion and (ii) the increase in subcontracting costs from RMB1,936.9 million in the three months ended March 31, 2021 to RMB2,666.0 million in the three months ended March 31, 2022 due to our business expansion.

FINANCIAL INFORMATION

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 41.7% from RMB699.2 million for the three months ended March 31, 2021 to RMB990.9 million for the same period of 2022. Our gross profit margin decreased from 14.7% for the three months ended March 31, 2021 to 14.5% for the same period of 2022.

Community space living consumption services

The gross profit margin of community space living consumption services decreased from 14.4% for the three months ended March 31, 2021 to 13.2% for the same period of 2022, which was largely affected by the decrease in gross profit margin of residential property services from 11.2% for the three months ended March 31, 2021 to 10.2% for the same period of 2022. Such decrease was primarily due to amortization of intangible assets resulted from our historical acquisitions.

Commercial and urban space integrated services

The gross profit margin of commercial and urban space integrated services decreased from 13.2% for the three months ended March 31, 2021 to 12.7% for the same period of 2022, primarily due to (i) larger revenue contribution from property and facility management services during the same period which however carries a relatively low gross profit margin and (ii) amortization of intangible assets resulted from our historical acquisitions.

AIoT and BPaaS solution services

The gross profit margin of AIoT and BPaaS solution services increased from 25.1% for the three months ended March 31, 2021 to 33.0% for the same period of 2022 primarily due to our enhanced efforts in developing this business segment, leveraging our strong technological capabilities which resulted in profit margin improvement of remote space operation services.

Other income and gains

Our other income and gains decreased from RMB91.4 million for the three months ended March 31, 2021 to RMB84.7 million for the same period of 2022, primarily due to (i) the decrease in fair value gains on financial assets at fair value through profit and loss and (ii) the decrease in gain on disposal of investment properties.

Selling and distribution expenses

Our selling and distribution expenses increased by 131.6% from RMB34.9 million for the three months ended March 31, 2021 to RMB80.9 million for the same period of 2022, primarily attributable to (i) an increase of RMB28.7 million in staff costs in line with our business expansion and (ii) an increase of RMB17.3 million in marketing and promotion expenses as we enhanced our marketing and brand promotion efforts.

FINANCIAL INFORMATION

Administrative expenses

Our administrative expenses increased by 48.3% from RMB321.6 million for the three months ended March 31, 2021 to RMB476.9 million for the same period of 2022, primarily attributable to (i) an increase of RMB107.3 million in staff costs due to our increased headcounts to support our business expansion and (ii) an increase of RMB25.9 million in research and development expenses in line with our strengthened dedication in technology investment to further enhance our research and development capabilities.

Impairment losses on financial assets, net

Our impairment losses on financial assets, net increased from RMB27.8 million for the three months ended March 31, 2021 to RMB81.6 million for the same period of 2022, primarily attributable to the increase in trade and other receivables as we continued expanding business operations.

Other expenses

Our other expenses decreased from RMB2.6 million for the three months ended March 31, 2021 to RMB1.6 million for the same period of 2022.

Finance costs

Our finance costs increased from RMB2.6 million for the three months ended March 31, 2021 to RMB3.0 million for the same period of 2022.

Share of profits of joint ventures

Our share of losses of joint ventures was RMB2.9 million for the three months ended March 31, 2021 and RMB2.2 million for the same period of 2022, primarily attributable to the underperformance of certain invested joint ventures.

Share of profits of associates

Our share of losses of associates narrowed from RMB4.2 million for the three months ended March 31, 2021 to RMB2.2 million for the same period of 2022, primarily attributable to the improving performance of certain invested associates.

Income tax expense

Our income tax expense increased from RMB106.5 million for the three months ended March 31, 2021 to RMB108.5 million for the same period of 2022.

Profit for the year/period

As a result of the foregoing, our profit for the period increased from RMB287.4 million for the three months ended March 31, 2021 to RMB318.8 million for the same period of 2022.

FINANCIAL INFORMATION

Comparisons between 2020 and 2021

REVENUE

Our revenue increased by 30.6% from RMB18,145.5 million in 2020 to RMB23,704.5 million in 2021, primarily attributable to the continuous and rapid growth of all three business segments.

Community space living consumption services

Our revenue generated from community space living consumption services increased from RMB10,623.1 million in 2020 to RMB13,161.0 million in 2021.

Residential property services

Our revenue generated from residential property services increased from RMB9,130.1 million in 2020 to RMB11,362.6 million in 2021, primarily due to (i) the increase in GFA under management from 497.5 million sq.m. as of December 31, 2020 to 660.4 million sq.m. as of December 31, 2021 and (ii) the increase in our average monthly saturated income per sq.m. from approximately RMB3.08 in 2020 to approximately RMB3.13 in 2021.

Home-related asset services

Our revenue generated from home-related asset services increased from RMB950.4 million in 2020 to RMB1,255.5 million in 2021, primarily due to the increase in the number of properties under our management and the residents whom we serve in line with our business expansion.

Other community value-added services

Our revenue generated from other community value-added services remained relatively stable at RMB542.5 million in 2020 and RMB542.9 million in 2021.

Commercial and urban space integrated services

Our revenue generated from commercial and urban space integrated services increased from RMB6,488.6 million in 2020 to RMB8,693.1 million in 2021.

FINANCIAL INFORMATION

Property and facility management services

Our revenue generated from property and facility management services increased from RMB4,023.3 million in 2020 to RMB5,288.1 million in 2021, primarily due to (i) our expanding business scale, leveraging the top talent and brand heritage of Cushman & Wakefield; (ii) our strengthened cooperation with key clients with leading industry positions as well as our ability to attract new clients with strong growth potential. In particular, revenue generated from our services to workspaces increased from RMB3,198.2 million in 2020 to RMB4,099.4 million in 2021, primarily attributable to the expansion of business relationships with corporate and institutional clients and increasing number of projects.

Value-added services for developers

Our revenue generated from value-added services for developers increased from RMB2,363.2 million in 2020 to RMB3,065.3 million in 2021, in line with our business expansion.

Urban space integrated services

Our revenue generated from urban space integrated services increased from RMB102.0 million in 2020 to RMB339.8 million in 2021, primarily attributed to the increasing number of projects as well as our expanded scope of services.

AIoT and BPaaS solution services

Our revenue generated from AIoT and BPaaS solution services increased from RMB1,033.8 million in 2020 to RMB1,850.4 million in 2021, primarily due to the expansion of our AIoT solutions resulting from our efforts in promoting our technology solutions, leveraging our industry know-how and technology strength. In particular, revenue generated from AIoT solutions increased from RMB782.8 million in 2020 to RMB1,216.4 million in 2021, primarily attributable to the expansion of our AIoT solutions, leveraging our deep expertise of services in community, commercial and urban spaces and strong technological capabilities. Revenue generated from BPaaS solutions increased from RMB251.0 million in 2020 to RMB634.0 million in 2021 as a result of our increased efforts in providing a comprehensive portfolio of remote operation solutions primarily through remote enterprise operation services.

Cost of sales

Our cost of sales increased by 33.2% from RMB14,780.7 million in 2020 to RMB19,684.5 million in 2021, primarily attributable to (i) the increase in staff costs from RMB5,209.0 million in 2020 to RMB7,235.0 million in 2021 as we hired more staff in line with our business expansion; (ii) the increase in subcontracting costs from RMB6,732.5 million in 2020 to RMB8,515.2 million in 2021 due to our business expansion; and (iii) the increase in common area facility costs from RMB1,239.1 million in 2020 to RMB1,766.1 million in 2021 due to the increased number of projects under our management as well as our additional improvements made to facilities in order to enhance customers' satisfaction.

FINANCIAL INFORMATION

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 19.5% from RMB3,364.7 million in 2020 to RMB4,020.0 million in 2021. Our gross profit margin decreased from 18.5% in 2020 to 17.0% in 2021, primarily attributable to the decrease in gross profit margin of community space living consumption services.

Community space living consumption services

The gross profit margin of community space living consumption services decreased from 18.7% in 2020 to 15.8% in 2021, which was largely affected by the decrease in gross profit margin of residential property services from 15.0% in 2020 to 11.1% in 2021. Such decrease was primarily due to certain social insurance relief entitled to the Company in 2020 was no longer available in 2021.

Commercial and urban space integrated services

The gross profit margin of commercial and urban space integrated services decreased from 17.2% in 2020 to 15.9% in 2021, primarily because the gross profit margin of value-added services for developers decreased from 22.4% in 2020 to 19.5% in 2021. Such decrease was mainly attributed to the ramp up of revenue from building maintenance services, which carries a relatively low gross profit margin. In addition, the decrease of gross profit margin for commercial and urban space integrated services was also due to larger revenue contribution from property and facility management services during the Track Record Period which however carries a relatively low gross profit margin.

AIoT and BPaaS solution services

The gross profit margin of AIoT and BPaaS solution services increased from 24.6% in 2020 to 29.9% in 2021 primarily due to our enhanced efforts in developing this business segment, leveraging our strong technological capabilities which resulted in profit margin improvement of remote space operation services.

Other income and gains

Our other income and gains increased by 12.5% from RMB370.9 million in 2020 to RMB417.3 million in 2021, primarily attributable to (i) an increase of RMB38.3 million in government grants as a result of the increased tax subsidies related to input value-added taxes and (ii) an increase of RMB45.3 million in interest income attributable to our increased deposits in banks.

FINANCIAL INFORMATION

Selling and distribution expenses

Our selling and distribution expenses increased by 54.5% from RMB166.4 million in 2020 to RMB257.2 million in 2021, primarily attributable to (i) an increase of RMB70.4 million in marketing and promotion expenses as we enhanced our marketing and brand promotion efforts and (ii) an increase of RMB20.3 million in staff costs in line with our business expansion.

Administrative expenses

Our administrative expenses increased by 31.5% from RMB1,362.6 million in 2020 to RMB1,791.8 million in 2021, primarily attributable to (i) an increase of RMB218.0 million in staff costs due to our increased headcounts to support our business expansion and (ii) an increase of RMB124.2 million in research and development expenses in line with our strengthened dedication in technology investment to further enhance our research and development capabilities.

Impairment losses on financial assets, net

Our impairment losses on financial assets, net decreased by 41.5% from RMB117.3 million in 2020 to RMB68.7 million in 2021, reflecting our strengthened efforts in managing collection of trade and retention receivables.

Other expenses

Our other expenses increased from RMB22.2 million in 2020 to RMB23.0 million in 2021.

Finance costs

Our finance costs decreased by 29.3% from RMB14.4 million in 2020 to RMB10.2 million in 2021, primarily attributable to a decrease of RMB6.5 million in interest on banks loans due to our decreased bank loans.

Share of profits of joint ventures

Our share of profits of joint ventures was RMB44.3 million in 2020 and turned to share of losses of joint ventures of RMB12.3 million in 2021, primarily attributable to the underperformance of certain invested joint ventures.

Share of profits of associates

Our share of profits of associates significantly increased by 288.6% from RMB11.8 million in 2020 to RMB45.8 million in 2021, primarily attributable to the ramp up of our urban space integrated services.

FINANCIAL INFORMATION

Income tax expense

Our income tax expense increased by 2.7% from RMB590.0 million in 2020 to RMB605.7 million in 2021, primarily due to the increase in our taxable income in line with our business growth.

Profit for the year/period

As a result of the foregoing, our profit for the year/period increased by 12.9% from RMB1,518.9 million in 2020 to RMB1,714.3 million in 2021.

Comparisons between 2019 and 2020

REVENUE

Our revenue increased by 30.3% from RMB13,927.3 million in 2019 to RMB18,145.5 million in 2020, primarily attributable to the continuous and rapid growth of all three business segments.

Community space living consumption services

Our revenue generated from community space living consumption services increased from RMB8,828.5 million in 2019 to RMB10,623.1 million in 2020.

Residential property services

Our revenue generated from residential property services increased from RMB7,251.4 million in 2019 to RMB9,130.1 million in 2020, primarily due to (i) the increase in our GFA under management from 431.1 million sq.m. as of December 31, 2019 to 497.5 million sq.m. as of December 31, 2020 and (ii) the increase in our average monthly saturated income per sq.m. from approximately RMB3.06 in 2019 to approximately RMB3.08 in 2020.

Home-related asset services

Our revenue generated from home-related asset services increased from RMB890.0 million in 2019 to RMB950.4 million in 2020, primarily due to the increase in the number of properties under our management and residents whom we served in line with our business expansion.

Other community value-added services

Our revenue generated from other community value-added services decreased from RMB687.0 million in 2019 to RMB542.5 million in 2020, primarily attributed to decreasing stock of carpark spaces in line with our business strategy.

FINANCIAL INFORMATION

Commercial and urban space integrated services

Our revenue generated from commercial and urban space integrated services increased from RMB4,292.6 million in 2019 to RMB6,488.6 million in 2020.

Property and facility management services

Our revenue generated from property and facility management services increased from RMB2,568.8 million in 2019 to RMB4,023.3 million in 2020, primarily due to our business expansion as well as our strategic cooperation with Cushman & Wakefield to combine local insights with global vision in 2019. In particular, revenue generated from our services to workspaces increased from RMB2,026.9 million in 2019 to RMB3,198.2 million in 2020, primarily attributable to the expansion of business relationships with corporate and institutional clients and increasing number of projects under our management.

Value-added services for developers

Our revenue generated from value-added services for developers increased from RMB1,693.2 million in 2019 to RMB2,363.2 million in 2020, primarily attributed to the increase in revenue generated from building maintenance services as we started to put more efforts in developing this business line at the end of 2019.

Urban space integrated services

Our revenue generated from urban space integrated services increased from RMB30.6 million in 2019 to RMB102.0 million in 2020 in line with our business expansion.

AIoT and BPaaS solution services

Our revenue generated from AIoT and BPaaS solution services increased from RMB806.2 million in 2019 to RMB1,033.8 million in 2020, primarily due to the expansion of our AIoT solution business resulting from our strong technological capabilities. In addition, in regards to our BPaaS solution, we increased efforts in providing a comprehensive portfolio of remote operation solutions, leveraging our industry know-how and technology strength.

Cost of sales

Our cost of sales increased by 29.0% from RMB11,458.9 million in 2019 to RMB14,780.7 million in 2020, primarily attributable to the increase in subcontracting cost from RMB2,455.4 million in 2019 to RMB6,732.5 million in 2020. Part of our services used to be undertaken by our own workforce have been rearranged to subcontracting arrangement in line with our business strategy. Such increase was partially offset by the decrease in our staff costs from RMB6,433.1 million in 2019 to RMB5,209.0 million in 2020, primarily attributed to the subcontracting arrangement as mentioned above, leading to a decrease in our headcounts.

FINANCIAL INFORMATION

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 36.3% from RMB2,468.4 million in 2019 to RMB3,364.7 million in 2020. Our gross profit margin increased from 17.7% in 2019 to 18.5% in 2020.

Community space living consumption services

The gross profit margin of community space living consumption services increased from 16.1% in 2019 to 18.7% in 2020, which was largely affected by the increase in gross profit margin of residential property services from 9.5% in 2019 to 15.0% in 2020. Such increase was primarily due to (i) certain social security relief aimed at mitigating the impact of COVID-19 in 2020 and (ii) economies of scale as a result of our business expansion.

Commercial and urban space integrated services

The gross profit margin of commercial and urban space integrated services decreased from 20.5% in 2019 to 17.2% in 2020, primarily because the gross profit margin of value-added services for developers decreased from 28.1% in 2019 to 22.4% in 2020. Such decrease was mainly attributed to the continuous decrease in value-added services for developers resulted from the relatively low gross profit margin of building maintenance services. In addition, the revenue contribution of property and facility management services continued increasing while this business line carried a relatively low gross profit margin.

AIoT and BPaaS solution services

The gross profit margin of AIoT and BPaaS solution services increased from 21.2% in 2019 to 24.6% in 2020 primarily because our BPaaS solutions was still at the early stage of development in 2019 and started to commercialize in 2020.

Other income and gains

Our other income and gains increased by 14.3% from RMB324.6 million in 2019 to RMB370.9 million in 2020, primarily attributable to the increase of RMB53.0 million in our receipt of government grants during COVID-19 as financial support for our business.

Selling and distribution expenses

Our selling and distribution expenses increased by 29.9% from RMB128.1 million in 2019 to RMB166.4 million in 2020, primarily due to (i) an increase of RMB19.6 million in staff costs to support our enhanced marketing efforts and (ii) an increase of RMB18.7 million in marketing and promotion expenses.

FINANCIAL INFORMATION

Administrative expenses

Our administrative expenses increased by 26.4% from RMB1,077.9 million in 2019 to RMB1,362.6 million in 2020, primarily attributable to (i) an increase of RMB140.2 million in staff costs as we hired more staff as a result of our business expansion and (ii) an increase of RMB45.8 million in research and development expenses, primarily due to our strengthened dedication in technology investment to further enhance our research and development capabilities.

Impairment losses on financial assets, net

Our impairment losses on financial assets, net decreased by 18.2% from RMB143.4 million in 2019 to RMB117.3 million in 2020.

Other expenses

Our other expenses increased from RMB3.5 million in 2019 to RMB22.2 million in 2020, primarily attributable to expenses in relation to litigations that we have been involved in during the ordinary course of business in 2020.

Finance costs

Our finance costs increased by 130.2% from RMB6.3 million in 2019 to RMB14.4 million in 2020, primarily attributable to (i) an increase of RMB6.5 million in interest on bank loans primarily related to the strategic cooperation with Cushman & Wakefield in 2020 and (ii) an increase of RMB1.7 million in interest on lease liabilities.

Share of profits of joint ventures

Our share of profits of joint ventures increased by 486.3% from RMB7.6 million in 2019 to RMB44.3 million in 2020, primarily attributable to our investment in our joint ventures in 2020, in line with our business strategy of entering into select areas through cooperation with enterprises with leading positions.

Share of profits of associates

Our share of profits of associates decreased by 11.5% from RMB13.3 million in 2019 to RMB11.8 million in 2020, primarily because many associated companies we established under the business line of urban space integrated services were at the early stage of development, and thus incurred significant start-up costs.

Income tax expense

Our income tax expense increased by 42.4% from RMB414.4 million in 2019 to RMB590.0 million in 2020, primarily in line with our business growth.

Profit for the year/period

As a result of the foregoing, our profit for the year/period increased by 46.0% from RMB1,040.3 million in 2019 to RMB1,518.9 million in 2020.

FINANCIAL INFORMATION

DESCRIPTION OF CERTAIN COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the components of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of March 31,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	292,318	357,607	500,639	508,744
Investment property	810,784	838,187	657,110	626,007
Right-of-use assets	184,298	225,987	253,086	262,559
Intangible assets	280,596	583,008	8,244,089	8,379,847
Investments in joint ventures	65,686	983,979	1,019,672	1,017,507
Investments in associates	480,183	727,181	793,560	768,161
Equity investments designated at fair value through other comprehensive income	1,502,802	1,018,438	1,497,461	1,377,510
Financial assets at fair value through profit or loss	9,000	976	976	976
Deferred tax assets	12,832	17,376	56,807	85,944
Prepayments, deposits and other receivables	2,501,813	2,043,326	1,992,483	1,979,444
Total non-current assets	6,140,312	6,796,065	15,015,883	15,006,699
Current assets				
Inventories	382,039	326,733	261,296	219,930
Trade and retention receivables	2,127,764	3,020,670	4,514,273	5,882,062
Prepayments, deposits and other receivables	1,302,980	1,495,352	1,697,630	2,596,834
Financial assets at fair value through profit or loss	55,033	10,000	3,664	6,397
Restricted bank deposits	162,784	237,978	305,250	288,435
Time deposits with original maturity of over three months	770,313	1,719,313	495,713	495,713
Cash and cash equivalents	5,184,792	5,397,646	6,430,557	3,854,385
Total current assets	9,985,705	12,207,692	13,708,383	13,343,756
Current liabilities				
Trade and notes payables	1,693,895	2,604,899	3,243,250	3,268,678
Financial liabilities at fair value through profit or loss	–	–	191,792	191,792
Contract liabilities	3,067,138	3,546,374	4,167,711	4,423,000
Other payables and accruals	4,655,484	4,746,776	7,821,982	6,927,680
Interest-bearing bank borrowings	–	9,921	11,500	4,500
Lease liabilities	56,505	80,477	100,938	102,952
Tax payable	298,834	523,722	744,715	751,767
Total current liabilities	9,771,856	11,512,169	16,281,888	15,670,369
Net current assets/(liabilities)	213,849	695,523	(2,573,505)	(2,326,613)
Total assets less current liabilities	6,354,161	7,491,588	12,442,378	12,680,086
Non-current liabilities				
Interest-bearing bank borrowings	10,622	4,168	4,087	–
Other payables and accruals	525,302	661,115	815,539	817,905
Provision	22,318	48,230	72,874	79,753
Lease liabilities	125,496	145,287	149,609	161,557
Deferred tax liabilities	–	68,198	1,087,691	1,059,604
Total non-current liabilities	683,738	926,998	2,129,800	2,118,819
Net assets	5,670,423	6,564,590	10,312,578	10,561,267

FINANCIAL INFORMATION

	As of December 31,			As of March 31,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Equity				
Equity attributable to owners of the parent:				
Share capital	1,000,000	1,000,000	1,050,420	1,050,420
Other reserves	4,488,653	5,255,014	8,843,025	9,034,766
	5,488,653	6,255,014	9,893,445	10,085,186
Non-controlling interests	181,770	309,576	419,133	476,081
Total equity	5,670,423	6,564,590	10,312,578	10,561,267

Property, Plant and Equipment

Our property, plant and equipment consists of building, leasehold improvements, machinery equipment, motor vehicles and electronic equipment. Our property, plant and equipment remained relatively stable at RMB292.3 million as of December 31, 2019 and RMB357.6 million as of December 31, 2020. Our property, plant and equipment increased to RMB500.6 million as of December 31, 2021 and further increased to RMB508.7 million as of March 31, 2022, which was primarily due to additions in (i) our procurement of an office premises in Wuhan for our business operation and replacement of electronic equipment and (ii) our leasehold improvements.

Investment Properties

We hold a certain amount of investment properties, primarily consisting of carpark spaces owned by us, which we purchased from our controlling shareholder for resales to ultimate purchasers.

Our investment properties increased from RMB810.8 million as of December 31, 2019 to RMB838.2 million as of December 31, 2020. As of December 31, 2021, our investment properties decreased to RMB657.1 million and further decreased to RMB626.0 million as of March 31, 2022, primarily due to decreasing stock of carpark spaces in line with our business strategy.

Right-of-use Assets

Our right-of-use assets are related to lease contracts for buildings, office facilities and machinery equipment that we used in our operations. Our right-of-use assets continued increasing during the Track Record Period, mainly due to the increased number of leased properties as a result of the increasing demand for employee dormitories and office properties in line with our business expansions. For details, please see “— Principal Component of Our Consolidated Statements of Profit or Loss — Finance Costs.”

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Intangible Assets

Intangible assets primarily represent customer relationships and goodwill resulting from our acquisitions.

Our intangible assets increased from RMB280.6 million as of December 31, 2019 to RMB583.0 million as of December 31, 2020, primarily due to the strategic cooperation with Cushman & Wakefield. Our intangible assets further increased significantly to RMB8,244.1 million as of December 31, 2021 primarily due to our acquisitions of Bon Property and Yango Intelligent, which resulted in the recognition of goodwill of RMB3,620.0 million and customer relationship valued at RMB4,156.3 million upon completion of the acquisitions. For details of acquisition of Bon Property and Yango Intelligent, please see “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers During Track Record Period — Acquisition of Bon Property, and — Acquisition of Yango Intelligent.” Our intangible assets further increased to RMB8,379.8 million as of March 31, 2022, primarily due to our acquisition of certain project companies.

Goodwill acquired through business combinations is allocated to each acquired subsidiary as the cash-generating units (“CGUs”) for impairment testing: CWVS Holding Limited CGU, Bon Property CGU and Yango Intelligent CGU. The recoverable amounts of the CGUs are determined based on value-in-use of the CGUs to which the goodwill is allocated. These calculations use pre-tax cash flow projections based on financial budgets of the CGUs approved by management covering a five-year period. Key assumptions for the assessment included annual growth rate of revenue, long-term growth rate and pre-tax discount rate. Cash flow beyond the five-year period are extrapolated using the estimated terminal growth rates below. The growth rates do not exceed the long-term average growth rate for the related industry in which the CGUs operate. The pre-tax discount rates below reflect specific risks relating to the relevant industry and the CGUs themselves and macro-environment of the relevant region.

The carrying amount of goodwill allocated to each of the CGUs was as follows:

	As of December 31,		As of
	2020	2021	March 31,
	RMB'000	RMB'000	2022
	RMB'000	RMB'000	RMB'000
CWVS Holding Limited	80,208	80,208	80,208
Bon Property	—	1,205,097	1,205,097
Yango Intelligent	—	2,414,917	2,414,917
	<u>80,208</u>	<u>3,700,222</u>	<u>3,700,222</u>

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The key assumptions used in the estimation of value in use were as follows:

	As of December 31,		As of March 31,
	2020	2021	2022
Annual growth rate of revenue	10%~28%	3%~24%	3%~24%
Long-term growth rate	2%	2%	2%
Pre-tax discount rate	18%	16%~17%	16%~17%

The details of headroom of the Group's goodwill impairment testing were as follows:

	As of December 31,		As of March 31,
	2020	2021	2022
CWVS Holding Limited	99,450	320,031	324,325
Bon Property	–	28,436	32,305
Yango Intelligent	–	132,634	132,980

We assessed the impairment on goodwill at the end of each year or period and the recoverable amounts of each CGUs had exceeded each of their carrying amounts, and hence the goodwill was not regarded as impaired.

No impairment provision was considered necessary if the key assumptions were to change as follows:

	As of December 31,				As of March 31,	
	2020		2021		2022	
	<i>From</i>	<i>To</i>	<i>From</i>	<i>To</i>	<i>From</i>	<i>To</i>
Annual growth rate of revenue	10% ~ 28%	4% ~ 21%	3% ~ 24%	1% ~ 22%	3% ~ 24%	1% ~ 22%
Long-term growth rate	2%	Nil	2%	Nil	2%	Nil
Pre-tax discount rate	18%	20%	16% ~ 17%	17% ~ 21%	16% ~ 17%	16% ~ 22%

Investment in Joint Ventures

Our investment in joint ventures increased from RMB65.7 million as of December 31, 2019 to RMB984.0 million as of December 31, 2020 and further increased to RMB1,019.7 million as of December 31, 2021, reflecting our business strategy of entering select areas through cooperation with enterprises with leading positions. Our investment in joint ventures remained relatively stable at RMB1,017.5 million as of March 31, 2022.

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Investment in Associates

Our investment in associates increased from RMB480.2 million as of December 31, 2019 to RMB727.2 million as of December 31, 2020, and further increased to RMB793.6 million as of December 31, 2021, mainly due to our establishment of associated companies under the business line of urban space integrated services. Our investment in associates decreased to RMB768.2 million as of March 31, 2022.

Equity investments designated at fair value through other comprehensive income

Equity investments designated at fair value through other comprehensive income represent our investment to listed shares of Cushman & Wakefield plc (NYSE: CWK), a leading global real estate firm that delivers exceptional value for real estate occupiers and owners. We invested in Cushman & Wakefield in 2018, in line with our long-term strategic vision for developing property service to premium corporate and institutional clients in China. Capitalizing on the resources and brand recognition, we have created extensive synergies in the areas of property service, technology-driven operational efficiency, and integrated management capabilities, which continuously contributes to our leading market position and distinguished success from our competitors. For more details, please also see “History, Development and Corporate Structure — Business Development Milestones.”

Prepayments, deposits and other receivables

The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	March 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Prepayments, deposits and other receivables				
Current:				
Other receivables:				
Payments on behalf of property owners for properties managed on a management remuneration basis . . .	878,040	911,715	960,684	1,096,735
Payments on behalf of property owners for properties managed on a lump-sum basis, sub-contractors and staff	310,186	473,055	470,523	668,349
Deposits	129,257	178,986	350,839	826,695
Purchase price due from a non-controlling shareholder of subsidiaries	151,269	–	–	–
Other receivables	33,857	69,590	75,737	99,183
Subtotal	1,502,609	1,633,346	1,857,783	2,690,962
Less: allowance for impairment of other receivables	(679,975)	(787,368)	(850,014)	(897,762)
	<u>822,634</u>	<u>845,978</u>	<u>1,007,769</u>	<u>1,793,200</u>
Prepayments to suppliers	322,061	394,769	328,629	367,135
Prepayments for tax	158,285	254,605	361,232	436,499
	<u>1,302,980</u>	<u>1,495,352</u>	<u>1,697,630</u>	<u>2,596,834</u>

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	As of December 31,			As of
	2019	2020	2021	March 31,
	RMB'000	RMB'000	RMB'000	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Deposits				
— Amounts due from related parties	2,245,155	1,763,205	1,643,056	1,619,243
— Others	70,227	70,227	70,227	70,227
	<u>2,315,382</u>	<u>1,833,432</u>	<u>1,713,283</u>	<u>1,689,470</u>
Prepaid expenses	186,431	209,894	279,200	289,974
	<u>2,501,813</u>	<u>2,043,326</u>	<u>1,992,483</u>	<u>1,979,444</u>

Other Receivables

- **Payments on behalf of property owners for properties managed on a management remuneration basis.** Payments on behalf of property owners for properties managed on a management remuneration basis primarily represent advance payments we made when providing certain residential property services with fees charged on a management remuneration basis, for which we would later seek reimbursement from our customers. We also pay common area facility fees, certain utility fees and elevator maintenance fees on behalf of property owners, and subsequently seek reimbursement from them. Payments on behalf of property owners for properties managed on a management remuneration basis continued increasing during the Track Record Period, primarily due to an increase in the number of properties under our management.
- **Payments on behalf of property owners for properties managed on a lump sum basis, sub-contractors and staff.** Payments on behalf of property owners for properties managed on a lump sum basis, sub-contractors and staff mainly consist of the utility bills paid to the water supply companies, electricity companies and energy companies on behalf of the property owners on a lump sum basis. Such payments increased from RMB310.2 million as of December 31, 2019 to RMB473.1 million as of December 31, 2020 and remained relatively stable at RMB470.5 million as of December 31, 2021, in line with the number of properties we managed on a lump-sum basis. As of March 31, 2022, such payments increased to RMB668.3 million, primarily attributable to the increasing number of properties we managed on a lump-sum basis.
- **Deposits (current portion).** Our deposits mainly comprise (i) payments of refundable earnest money deposit upon completion of the acquisition; (ii) payments for certain properties as quality guarantee fees in relation to our services; (iii) rental deposits for employee dormitories; and (iv) rental deposit we made for facilities and equipment we leased for delivering services. Our deposit increased from RMB129.3 million as of December 31, 2019 to RMB179.0 million as of December 31, 2020, and further increased to RMB350.8 million as of December 31, 2021, primarily due

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to the carpark spaces deposits brought in by the acquisition of Yango Intelligent. As of March 31, 2022, our deposits increased to RMB826.7 million, mainly attributed to the payments of refundable earnest money deposit.

- **Purchase price due from a non-controlling shareholder of subsidiaries.** We incurred purchase price due from a non-controlling shareholder of subsidiaries of RMB151.3 million in 2019 in relation to the establishment of CWVS Holding Limited (萬物梁行) (formerly known as Rugby) for strategic cooperation. For more details on establishment of CWVS, please see “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers During Track Record Period — Establishment of Cushman & Wakefield Vanke Service.”

Allowance for impairment of other receivables

We incurred allowance for impairment of other receivables in relation to our advanced payments for provisions of certain residential property services charged on a management remuneration basis. We made provision for impairment losses of RMB68.6 million, RMB38.6 million and RMB141.5 million in 2019, 2020 and 2021, respectively, and our allowance for impairment of other receivables was RMB680.0 million, RMB787.4 million, RMB850.0 million and RMB897.8 million as of December 31, 2019, 2020 and 2021 and March 31, 2022, respectively. We made net provision for impairment loss of RMB127.0 million, RMB56.2 million and RMB64.0 million in 2019, 2020 and 2021, respectively, primarily due to the shortfall incurred in certain residential projects for which we had not been able to adjust property service fee rates and/or had high initial and one-off costs at the early stage. We cautiously assess the recoverability of the shortfall and make provision for impairment losses on a project-by-project basis.

Prepayments to suppliers

Our prepayments to suppliers primarily comprise the amount of balance we maintain with the utility companies in relation to common area electricity fees. Our prepayments to suppliers remained relatively stable at RMB322.1 million as of December 31, 2019, RMB394.8 million as of December 31, 2020, RMB328.6 million as of December 31, 2021 and RMB367.1 million as of March 31, 2022, respectively, generally in line with the time of receipt of relevant invoices in connection with our prepayments.

Deposits (non-current portion)

The deposits (non-current portion) primarily consist of amounts due from related parties, which represent the payments we made for the entrustment of disposing and managing certain carpark spaces on behalf of property developers and were refunded upon subsequent disposals of such carpark spaces to ultimate purchasers. Our non-current deposits decreased from RMB2,315.4 million as of December 31, 2019 to RMB1,833.4 million as of December 31, 2020, decreased to RMB1,713.3 million as of December 31, 2021 and further decreased to RMB1,689.5 million as of March 31, 2022, primarily due to the sales of our carpark spaces.

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Inventories

Our inventories comprise (i) contract costs; (ii) raw materials; and (iii) low-value consumptive goods. Our raw materials mainly represent (i) the stocking of intelligent installation engineering, security mechanical and electrical engineering; (ii) consumables in connection with our development; and (iii) implementation of comprehensive intelligent solutions that embody the latest technological innovations. Our contract costs mainly represent partially finished components of the above-mentioned raw materials that were delivered to our customers. Our low-value consumptive goods include uniforms, office supplies or others. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	March 31,
	RMB'000	RMB'000	RMB'000	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Inventories				
Contract costs	349,492	259,661	178,843	130,286
Raw materials	27,046	61,317	77,147	86,012
Low-value consumptive goods	5,501	5,755	5,306	3,632
	<u>382,039</u>	<u>326,733</u>	<u>261,296</u>	<u>219,930</u>

Our inventories decreased from RMB382.0 million as of December 31, 2019 to RMB326.7 million as of December 31, 2020, and further decreased to RMB261.3 million as of December 31, 2021, primarily due to certain one-time service projects, leading to a relatively high amount of inventories of construction materials outstanding as of December 31, 2019. As of March 31, 2022, our inventories decreased to RMB219.9 million.

As of July 31, 2022, RMB219.9 million, 100.0% of our inventories as of March 31, 2022 had been delivered.

During the Track Record Period, based on the facts that (i) as of July 31, 2022, 100.0% of our inventories as of March 31, 2022 had been delivered; (ii) the turnover days of our inventories were relatively short; and (iii) we will further expedite the construction of our engineering projects as well as the implementation of comprehensive intelligent solutions, we believe that there are no recoverability issues for our inventories.

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Trade and retention receivables

	As of December 31,			As of
				March 31,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	2,096,813	3,010,528	4,593,316	5,995,331
Retention receivables	21,974	25,170	28,138	30,888
Notes receivables	29,464	21,895	27,682	24,534
	<u>2,148,251</u>	<u>3,057,593</u>	<u>4,649,136</u>	<u>6,050,753</u>
Less: allowance for impairment of trade and retention receivables . . .	(20,487)	(36,923)	(134,863)	(168,691)
	<u>2,127,764</u>	<u>3,020,670</u>	<u>4,514,273</u>	<u>5,882,062</u>

Before allowance for impairment of trade and retention receivables, as of December 31, 2019, 2020, 2021 and March 31, 2022, our trade and retention receivables were RMB2,148.3 million, RMB3,057.6 million, RMB4,649.1 million and RMB6,050.8 million, respectively. The increases in our trade receivables and retention receivables throughout the Track Record Period were primarily due to the increases in our revenue and business scale in line with our business expansion. In particular, the increases as of December 31, 2021 compared to December 31, 2020 were primarily due to the acquisitions of Bon Property and Yango Intelligent in 2021.

As of December 31, 2019, 2020, 2021 and March 31, 2022, our trade receivables were RMB2,096.8 million, RMB3,010.5 million, RMB4,593.3 million and RMB5,995.3 million, respectively. Our retention receivables were RMB22.0 million, RMB25.2 million, RMB28.1 million and RMB30.9 million, respectively, as of the same dates. Our retention receivables mainly arise from the provision of construction of intelligent property management services, for which the right to receive consideration for work performed is conditional on the satisfaction of the service quality by our customers over a certain period as stipulated in the service contracts. Our retention receivables are transferred to trade receivables when such rights become unconditional. Our trade receivables primarily relate to commercial and urban space integrated services and AIoT and BPaaS solution services. Our trading terms with customers are mainly on credit, which are normally decided on a case-by-case basis upon the acceptance of the products or completion of services. We do not have significant concentration of credit risk as our trade and retention receivables relate to a large number of diversified customers.

As of July 31, 2022, RMB4,999.8 million, accounting for approximately 85.0% of our total trade and retention receivables as of March 31, 2022, had been settled, among which (i) RMB1,866.3 million, or approximately 86.4% of our trade and retention receivables from related parties as of March 31, 2022, had been settled and (ii) RMB3,133.5 million, or approximately 84.2% of our trade and retention receivables from independent third parties as of March 31, 2022, had been settled.

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During the Track Record Period, we did not have recoverability issue for trade and retention receivables. We have been constantly evaluating the financial and credit strength of our major customers and believe they have the ability to fulfill their payment obligations. We periodically make collective assessment on the recoverability of trade and retention receivables and will consider issuing demand letter to the relevant party on a case-by-case basis. We are of the view that, based on the overall quality and credit strength of our customers, and given that the settlement rate of our trade and retention receivables is consistent with its historical patterns, we have made sufficient provisions and do not foresee any recoverability issue for our trade and retention receivables.

Trade and Retention Receivables Turnover Days

The following table sets forth our trade and retention receivables turnover days during the years or periods indicated:

	For the year ended December 31,			For the three months ended
	2019	2020	2021	March 31, 2022
Trade and retention receivables turnover days (<i>days</i>) ⁽¹⁾				
– Overall	48	52	58	68
– China Vanke Group and its joint ventures or associated companies	223	182	152	176
– Independent third parties	15	22	35	48

Note:

- (1) The trade and retention receivable turnover days is the average of the opening and closing trade and retention receivables divided by our total revenue for that year and multiplied by 365 days for 2019 and 2021, 366 days for 2020 and 90 days for the three months ended March 31, 2022.

Our trade and retention receivables turnover days increased from 48 days in 2019 to 52 days in 2020, and further to 58 days in 2021, primarily in line with our general trend of continuous increasing revenue contributions from corporate clients, to whom we generally grant longer credit period. Our trade and retention receivables turnover days were 68 days in the three months ended March 31, 2022, primarily due to seasonality as property management fees are usually received towards the end of each year.

During the Track Record Period, our trade and retention receivable turnover days of China Vanke Group and its joint ventures or associated companies were substantially longer than that of independent third parties, primarily because (i) the settlement period of our trade and retention receivables in practice was longer for China Vanke Group and its joint ventures or associated companies, taking into account of the credit strength and relatively low risk of default of China Vanke Group and its joint ventures or associated companies, although there was no significant difference in credit periods granted to China Vanke Group and its joint ventures or associated companies and independent corporate clients; and (ii) a large portion of our independent third-party customers are property owners, property owners' associations or residents for residential properties who are generally required to make the payment of property management fees on a monthly basis, and in some circumstances would make advance payment resulting in the shorter turnover days.

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During the Track Record Period, we have been increasing our efforts to settle trade and retention receivables of related parties in a timely manner. We have formulated and implemented various measures to expedite the recovery of our trade and retention receivables of related parties. We established an order management system to conduct internal review of trade and retention receivables and set internal targets for the collection of trade and retention receivables with respect to related parties. For value-added services rendered to China Vanke Group and its joint ventures or associated companies, we would require prompt settlement and follow up on any outstanding trade and retention receivables relating thereto on a case by case basis. In particular, we held periodic meetings with the management team of China Vanke Group and established an internal guidance to strengthen management of trade and retention receivables, requiring that (i) settlement agreement for trade and retention receivables shall be signed in a timely manner between China Vanke Group and us; (ii) we shall deliver invoice and require payments from China Vanke Group once the amounts are confirmed; and (iii) China Vanke Group shall initiate payment process within one to five working days after receiving the notice of payments. As a result of our continuous efforts, the gap between trade and retention receivables turnover days with respect to related parties and independent third parties was gradually narrowed.

Aging Analysis on Trade and Retention Receivables

The following table sets forth the aging analysis of (i) our trade and retention receivables based on the invoice date due from related parties and third parties, respectively, as of December 31, 2019, 2020 and 2021 and March 31, 2022 and (ii) amounts and percentage of our trade and retention receivables as of March 31, 2022 due from related parties and third parties, respectively, subsequently settled as of July 31, 2022:

	As of December 31,			As of March 31,	As of July 31,	
	2019	2020	2021	2022	2022	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	%
Within one year						
– Due from related parties	1,545,046	1,880,601	2,046,328	2,160,558	1,866,320	86.4
– Due from third parties	551,741	1,089,733	2,191,273	3,397,573	3,130,207	92.1
One to two years						
– Due from related parties	–	–	–	–	–	–
– Due from third parties	20,305	40,672	236,394	277,230	1,214	0.4
Two to three years						
– Due from related parties	–	–	–	–	–	–
– Due from third parties	6,838	6,396	25,083	34,801	829	2.4
Over three years						
– Due from related parties	–	–	–	–	–	–
– Due from third parties	3,834	3,268	15,195	11,900	1,243	10.4
Total	<u>2,127,764</u>	<u>3,020,670</u>	<u>4,514,273</u>	<u>5,882,062</u>	<u>4,999,812</u>	<u>85.0</u>

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Trade and notes payables

Our trade and notes payables primarily represent our obligations to pay for goods and services we acquired, such as materials, utilities, cleaning, repair and maintenance services used in the ordinary course of business from our suppliers, including subcontracting expenses and cost of materials. Our trade and notes payables are non-interest bearing and normally settled between 30 to 180 days.

The following table sets forth a breakdown of our trade and notes payables as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	March 31,
	RMB'000	RMB'000	RMB'000	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Notes payables	70,527	142,056	96,747	100,839
Trade payables	1,623,368	2,462,843	3,146,503	3,167,839
Total	1,693,895	2,604,899	3,243,250	3,268,678

Our trade and notes payables increased from RMB1,693.9 million as of December 31, 2019 to RMB2,604.9 million as of December 31, 2020, and to RMB3,243.3 million as of December 31, 2021 and further increased to RMB3,268.7 million as of March 31, 2022. The increases were primarily due to our subcontracting arrangements of outsourcing certain labor-intensive services and specialized services in line with the growth and expansions of our business.

The following table sets forth our trade and notes payables turnover days during the years or periods indicated:

	For the year ended December 31,			For the three
	2019	2020	2021	months ended
	2019	2020	2021	March 31,
	2019	2020	2021	2022
Trade and notes payables turnover days (<i>days</i>) ⁽¹⁾	47	53	54	50

Note:

- (1) The trade and notes payables turnover days is the average of the opening and closing trade and notes payables divided by our total cost of sales for that year and multiplied by 365 days for 2019 and 2021, 366 days for 2020 and 90 days for the three months ended March 31, 2022.

Our trade and notes payables turnover days increased from 47 days for the year ended December 31, 2019 to 53 days for the year ended December 31, 2020, primarily due to our receipt of preferred treatment of extended credit period during COVID-19 outbreak and in recognition of our good credibility. Our trade and notes payables turnover days remained relatively stable at 54 days and 50 days in 2021 and the three months ended March 31, 2022, respectively.

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The following table sets forth an aging analysis of our trade and notes payables based on the invoice date as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	March 31,
	RMB'000	RMB'000	RMB'000	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	1,586,976	2,485,275	2,915,974	3,014,911
One to two years	57,677	52,621	277,640	212,104
Two to three years	32,677	27,016	21,774	20,083
Over three years	16,565	39,987	27,862	21,580
Total	<u>1,693,895</u>	<u>2,604,899</u>	<u>3,243,250</u>	<u>3,268,678</u>

As of July 31, 2022, RMB2,953.1 million, representing 90.3% of total trade and notes payables as of March 31, 2022, had been settled, among which (i) RMB75.8 million, or 95.3% of trade and notes payables to related parties as of March 31, 2022, had been settled and (ii) RMB2,877.3 million, or 90.2% of trade and notes payables to independent third parties as of March 31, 2022, had been settled.

Contract Liabilities

Our contract liabilities primarily arise from the advance payments received from customers of our property services while the underlying services are yet to be provided by us. The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	March 31,
	RMB'000	RMB'000	RMB'000	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities				
Receipts in advances from customers	3,067,138	3,546,374	4,167,711	4,423,000
Total	<u>3,067,138</u>	<u>3,546,374</u>	<u>4,167,711</u>	<u>4,423,000</u>

As of July 31, 2022, RMB3,887.0 million, representing 87.9% of contract liabilities as of March 31, 2022, had been recognized as revenue.

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Other Payables and Accruals

Our other payables and accruals primarily represent (i) cash collected on behalf of property owners, representing temporary receipts from property owners, such as rental income from carpark spaces and utility fees we charged from property owners which were payable to third-party service providers; (ii) payroll payables, representing the balance of accrued employee compensation as of the relevant dates; (iii) amounts due to related parties, which mainly include (a) the carpark spaces operating funds collected on behalf of related parties and (b) utility fees we charged on behalf of China Vanke Group from property owners in relation to water and electricity; (iv) deposits payable, representing the payments we charge for provisions of certain services such as trash removal and home decoration; and (v) amounts held on behalf of property owners, mainly representing property owners' share of income from common area management. Our other payables and accruals with third parties and related parties are unsecured, non-interest bearing and repayable on demand.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	March 31,
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals				
Current:				
Other payables:				
Amounts due to related parties	652,942	446,779	519,792	568,308
Cash collected on behalf of property owners	1,506,607	1,383,868	1,988,151	2,095,605
Deposits payable	450,866	570,239	920,859	958,026
Dividends payables	–	–	1,280,017	949,996
Consideration payable for equity interest	4,501	27,643	255,125	255,125
Payable for intangible assets	19,224	11,784	35,542	61,344
Accruals and other payables	353,522	626,866	719,844	818,917
	<u>2,987,662</u>	<u>3,067,179</u>	<u>5,719,330</u>	<u>5,707,321</u>
Payroll payables	1,206,369	1,309,410	1,664,794	937,200
Long-term payables within one year	78,538	59,793	60,405	47,721
Other taxes payables	382,915	310,394	377,453	235,438
	<u>4,655,484</u>	<u>4,746,776</u>	<u>7,821,982</u>	<u>6,927,680</u>
Non-current:				
Amounts held on behalf of property owners	479,968	634,607	795,463	810,390
Long term payables	45,334	26,508	20,076	7,515
	<u>525,302</u>	<u>661,115</u>	<u>815,539</u>	<u>817,905</u>

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As of December 31, 2019, 2020, 2021 and March 31, 2022, our dividends payables amounted to nil, nil, RMB1,280.0 million and RMB950.0 million. Among the dividends payable of RMB950.0 million as of March 31, 2022, RMB847.8 million, representing the dividends payable to our shareholders, has been fully settled as of April 30, 2022, and the rest, being RMB102.2 million, representing the dividends payable by certain of our acquired subsidiaries to their original shareholders, will only be settled when their remaining cash balances (excluding restricted cash) related to operating activities, after the deduction of such dividends, are above an agreed threshold that is sufficient to cover working capital needs of the acquired subsidiaries.

Our amounts due to related parties (current portion) decreased from RMB652.9 million as of December 31, 2019 to RMB446.8 million as of December 31, 2020, primarily due to settlement and clearing of current balance. Our amounts due to related parties (current portion) increased from RMB446.8 million as of December 31, 2020 to RMB519.8 million as of December 31, 2021, and further increased to RMB568.3 million as of March 31, 2022, in line with our business expansion.

Our cash collected on behalf of property owners remained relatively stable at RMB1,506.6 million and RMB1,383.9 million as of December 31, 2019 and 2020. As of December 31, 2021, our cash collected on behalf of property owners increased to RMB1,988.2 million and further increased to RMB2,095.6 million as of March 31, 2022, primarily due to the increase in the number of properties we manage, in line with our business expansions.

Our payroll payables primarily represent accrued salaries and bonus for our employees based on their performances. Our payroll payables increased from RMB1,206.4 million as of December 31, 2019 to RMB1,309.4 million as of December 31, 2020 and further increased to RMB1,664.8 million as of December 31, 2021, primarily attributable to the increase in the number of our employees in line with our business expansion. Our payroll payables decreased to RMB937.2 million as of March 31, 2022, mainly due to accrued bonus declared at the end of 2021 which was settled around the Spring Festival in 2022.

Our amounts held on behalf of property owners (non-current portion) increased from RMB480.0 million as of December 31, 2019 to RMB634.6 million as of December 31, 2020, to RMB795.5 million as of December 31, 2021 and further increased to RMB810.4 million as of March 31, 2022, primarily due to the increase in the number of properties we managed in line with our business expansions.

Time deposits with original maturity of over three months

Our time deposits with original maturity of over three months mainly represent certificate of deposits we purchased from reputable commercial banks, taking into account security, liquidity, flexibility and promptness of payments. Our time deposits with original maturity of over three months increased from RMB770.3 million as of December 31, 2019 to RMB1,719.3 million as of December 31, 2020, primarily due to the increasing number of such certificate of deposits. Our time deposits with original maturity of over three months decreased to RMB495.7 million as of December 31, 2021, primarily due to our redemption of some certificate of deposits to fund our acquisitions of Bon Property. Our time deposits with original maturity of over three months remained stable at RMB495.7 million as of March 31, 2022.

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Financial Assets at Fair Value through Profit or Loss

The current balance of financial assets at fair value through profit or loss mainly represents certain wealth management products we purchased from reputable commercial banks in line with our cash management policies and equity investments designated at fair value through profit or loss – unlisted equity investments, at fair value. During the Track Record Period, our financial assets at fair value through profit or loss – unlisted equity investments, categorized within Level 3 at fair value measurement (“**Level 3 Financial Assets**”), amounted to RMB9.0 million, RMB1.0 million, RMB1.0 million and RMB1.0 million as of December 31, 2019, 2020 and 2021 and as of March 31, 2022, respectively. Our financial assets at fair value through profit or loss – wealth management products amounted to RMB55.0 million, RMB10.0 million, RMB3.7 million and RMB6.4 million as of December 31, 2019, 2020, 2021 and March 31, 2022, respectively.

During the Track Record Period, for the purpose of better cash management, we from time to time purchased short-term low-risk wealth management products from reputable commercial banks in China, taking into account security, liquidity, flexibility and availability upon request. We have established a sound internal procedure for valuating such financial assets in compliance with the applicable laws, regulations and accounting policies. The Group will ensure its investments in wealth management products comply with Chapter 14 of the Rules after the Listing. We have implemented capital and investment policies to monitor and control the risks in connection with such investments. Our investment management policies are set out below:

1. our finance and capital management team, which comprises designated personnel with deep expertise in investment financing, will decide capital plan with reasonable allocation of low-risk wealth management products as well as other proper financial products and such capital plan shall be approved by the Board;
2. we will standardize process of purchasing financial products by taking into account the purchase amount, interest rate and other comprehensive factors;
3. we will invest in financial products with surplus funds on the premise of ensuring our daily business operations with sufficient funds;
4. we will compare among multiple banks and multiple products to reduce the risks arising from the fluctuations of loss and gain of financial products.

In relation to the valuation of the Group’s Level 3 Financial Assets, we estimated the fair value using an asset-based valuation technique based on assumptions that are not supported by observable market prices or rates. We adopted the following procedures: (i) reviewed the investment contracts we entered into and (ii) reviewed the financial statements of the company we held equity interest in. Based on the above procedures, we are of the view that the valuation of our Level 3 Financial Assets is fair and reasonable, and the financial statements of our Group are properly prepared.

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Details of the fair value measurement of the Group's Level 3 Financial Assets, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs are disclosed in note 39 to the Historical Financial Information of Group for the Track Record Period as set out in the Accountants' Report issued by the Reporting Accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants in Appendix I. The Reporting Accountants' opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out on I-2 of Appendix I.

The Joint Sponsors have conducted relevant due diligence work, including (i) understanding from the Company the nature and details of the financial assets during the Track Record Period; (ii) obtaining and reviewing the terms of the relevant agreements regarding the financial assets; (iii) reviewing relevant notes in the Accountants' Report as contained in Appendix I to this prospectus; and (iv) understanding from the Company and the Reporting Accountants the work done and the key basis and assumptions for the valuation of the financial assets. Having considered the work done by the Company's management and the Reporting Accountants, and the relevant due diligence conducted as stated above, nothing material has come to the Joint Sponsors' attention that indicates that the Company's management have not undertaken independent and sufficient investigation and due diligence on such Level 3 Financial Assets.

Financial Liabilities at Fair Value through Profit or Loss

The current balance of financial liabilities at fair value through profit or loss represents contingent consideration transferred by the acquirer in relation to the acquisition of Bon Property. During the Track Record Period, our financial liabilities at fair value through profit or loss, categorized within Level 3 at fair value measurement ("**Level 3 Financial Liabilities**"), amounted to nil, nil, RMB191.8 million and RMB191.8 million as of December 31, 2019, 2020 and 2021 and as of March 31, 2022, respectively.

In relation to the valuation of the Group's Level 3 Financial Liabilities, based on professional advice received, we adopted the following procedures: (i) reviewed the investment contracts we entered into and; (ii) engaged independent business valuer ("**Independent Valuer**"), provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the Independent Valuer on relevant assumptions; (iii) carefully considered all information especially those non-market related information input, such as possibilities under different scenarios which require management assessments and estimates; and reviewed the valuation working papers and results prepared by the Independent Valuer. Based on the above procedures, we are of the view that the valuation analysis performed by the Independent Valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

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Details of the fair value measurement of the Group's Level 3 Financial Liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs are disclosed in note 39 to the Historical Financial Information of Group for the Track Record Period as set out in the Accountants' Report issued by the Reporting Accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants in Appendix I. The Reporting Accountants' opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out on I-2 of Appendix I.

The Joint Sponsors have conducted relevant due diligence work, including (i) understanding from the Company the nature and details of the financial liabilities during the Track Record Period; (ii) obtaining and reviewing the terms of the relevant agreements regarding the financial liabilities; (iii) considering the qualification, independence and credentials of the Independent Valuer; (iv) obtaining and reviewing the valuation working papers and results prepared by the Independent Valuer in respect of certain of the level 3 financial liabilities; (v) discussing with the Independent Valuer regarding the assumptions, valuation techniques and methodologies applied to determine the valuation; (vi) reviewing relevant notes in the Accountants' Report as contained in Appendix I to this prospectus; and (vii) understanding from the Company and the Reporting Accountants the work done and the key basis and assumptions for the valuation of the financial liabilities. Having considered the work done by the Company's management, the Independent Valuer and the Reporting Accountants, and the relevant due diligence conducted as stated above, nothing material has come to the Joint Sponsors' attention that indicates that the Company's management have not undertaken independent and sufficient investigation and due diligence on such Level 3 Financial Liabilities.

NET CURRENT ASSETS AND NET CURRENT LIABILITIES

We recorded net current assets of RMB213.8 million, RMB695.5 million as of December 31, 2019 and 2020, respectively, net current liabilities of RMB2,573.5 million as of December 31, 2021, and net current liabilities of RMB2,326.6 million as of March 31, 2022. The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As of December 31,			As of March 31,	As of July 31,
	2019	2020	2021	2022	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(unaudited)</i>
CURRENT ASSETS					
Inventories	382,039	326,733	261,296	219,930	245,519
Trade and retention receivables	2,127,764	3,020,670	4,514,273	5,882,062	6,884,192
Prepayments, deposits and other receivables	1,302,980	1,495,352	1,697,630	2,596,834	2,802,920
Financial assets at fair value through profit or loss	55,033	10,000	3,664	6,397	34,531
Restricted bank deposits	162,784	237,978	305,250	288,435	264,679
Time deposits with original maturity of over three months	770,313	1,719,313	495,713	495,713	486,000
Cash and cash equivalents	5,184,792	5,397,646	6,430,557	3,854,385	2,426,577
Total current assets	9,985,705	12,207,692	13,708,383	13,343,756	13,144,418

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	As of December 31,			As of March 31,	As of July 31,
	2019	2020	2021	2022	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(unaudited)</i>
CURRENT LIABILITIES					
Trade and notes payables	1,693,895	2,604,899	3,243,250	3,268,678	3,677,993
Financial liabilities at fair value through profit or loss	–	–	191,792	191,792	191,792
Contract liabilities	3,067,138	3,546,374	4,167,711	4,423,000	4,209,819
Other payables and accruals	4,655,484	4,746,776	7,821,982	6,927,680	6,212,407
Interest-bearing bank borrowings	–	9,921	11,500	4,500	–
Lease liabilities	56,505	80,477	100,938	102,952	113,119
Tax payable	298,834	523,722	744,715	751,767	575,731
Total current liabilities	9,771,856	11,512,169	16,281,888	15,670,369	14,980,861
NET CURRENT ASSETS/(LIABILITIES)	213,849	695,523	(2,573,505)	(2,326,613)	(1,836,443)

We had net current assets as of December 31, 2019 and 2020 because the general increase in our total current assets outpaced the increase in our total current liabilities during 2019 and 2020. The increase in our total current assets during the Track Record Period was mainly attributable to an increase in trade and retention receivables, time deposits with original maturity of over three months, cash and cash equivalents and prepayments, deposits and other receivables. In the meantime, the increase in our total current liabilities during the Track Record Period was mainly attributable to an increase in other payables and accruals and tax payable. Our net current assets turned into net current liabilities as of December 31, 2021 mainly due to an increase in other payables and accruals.

While we recorded net current liabilities as of December 31, 2021, March 31, 2022 and July 31, 2022, we expect to continue reducing our net current liabilities through (i) funds generated from our business operations; (ii) continued improvement in profitability of the historically loss-making projects; and (iii) the net proceeds from the Global Offering. In particular, we believe our net current liabilities position, which was primarily due to the dividends of RMB3,537.0 million declared and acquisition of Bon Property in 2021, will be improved by funds generated from our business operations as we continue to grow. For instance, we had net cash flows from operating activities in the amount of RMB2,091.0 million, RMB2,557.2 million and RMB2,833.6 million in 2019, 2020 and 2021, respectively. We also intend to further enhance our overall profitability, leveraging economies of scale as well as our “Onewo Town” strategy.

Our net current liabilities decreased from RMB2,326.6 million as of March 31, 2022 to RMB1,836.4 million as of July 31, 2022, primarily due to (i) an increase of RMB1,002.1 million in trade and retention receivables and (ii) a decrease of RMB715.3 million in other payables and accruals; and (iii) an increase of RMB206.1 million in prepayments, deposits and other receivables, partially offset by a decrease of RMB1,427.8 million in cash and cash equivalents.

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Our net current liabilities decreased from RMB2,573.5 million as of December 31, 2021 to RMB2,326.6 million as of March 31, 2022, primarily due to (i) an increase of RMB1,367.8 million in our trade and retention receivables and (ii) an increase of RMB899.2 million in our prepayments, deposits and other receivables; and (iii) a decrease of RMB894.3 million in our other payables and accruals, partially offset by a decrease of RMB2,576.2 million in our cash and cash equivalents.

We recorded net current liabilities of RMB2,573.5 million as of December 31, 2021 because the increase in our total current liabilities outpaced the increase in our total current assets. The increase in our total current liabilities was primarily because (i) we declared dividends of RMB3,537.0 million in 2021, resulting in a one-off increase in dividends payables of RMB1,280.0 million and (ii) our time deposits with original maturity of over three months decreased by RMB1,223.6 million mainly due to the acquisition of Bon Property.

Our net current assets increased from RMB213.8 million as of December 31, 2019 to RMB695.5 million as of December 31, 2020 because the increase in our total current assets was greater than the increase in our total current liabilities. The increase in our total current assets was primarily attributable to (i) an increase of RMB892.9 million in trade and retention receivables mainly as a result of expansion of our business; (ii) an increase of RMB949.0 million in time deposits with original maturity of over three months; and (iii) the increase of RMB212.9 million in cash and cash equivalents. The increase in our total current liabilities was primarily attributable to (i) an increase of RMB911.0 million in trade and notes payables, (ii) an increase of RMB479.2 million in contract liabilities; and (iii) an increase of RMB224.9 million in tax payable mainly due to growth in our business.

INDEBTEDNESS

As of December 31, 2019, 2020 and 2021 and March 31, 2022, our total interest-bearing bank borrowings amounted to RMB10.6 million, RMB14.1 million, RMB15.6 million and RMB4.5 million, respectively. As of the same dates, we had lease liabilities amounting to RMB182.0 million, RMB225.8 million, RMB250.5 million and RMB264.5 million, respectively.

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,	As of July 31,
	2019	2020	2021	2022	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(unaudited)</i>
Interest-bearing bank borrowings	10,622	14,089	15,587	4,500	–
Lease liabilities	182,001	225,764	250,547	264,509	258,920

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Apart from normal trade and other payables in the ordinary course of business, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of July 31, 2022.

Interest-bearing bank borrowings

As of December 31, 2019, 2020 and 2021 and March 31, 2022, our current and non-current amount of interest-bearing bank borrowings were RMB10.6 million, RMB14.1 million, RMB15.6 million and RMB4.5 million, respectively.

The following table sets out our interest-bearing bank borrowings as of the dates indicated:

	As of December 31,			As of	As of
	2019	2020	2021	March 31,	July 31,
	RMB'000	RMB'000	RMB'000	2022	2022
				RMB'000	RMB'000
					<i>(unaudited)</i>
Current:					
Current portion of long term bank loans – secured . . .	–	9,921	11,500	4,500	–
Non-current:					
Bank loans – secured	10,622	4,168	4,087	–	–
	<u>10,622</u>	<u>14,089</u>	<u>15,587</u>	<u>4,500</u>	<u>–</u>

Our interest-bearing bank borrowings increased from RMB10.6 million as of December 31, 2019 to RMB14.1 million as of December 31, 2020 and further increased to RMB15.6 million as of December 31, 2021. Our interest-bearing bank and other borrowings are mainly secured by the pledge of certain of our time deposits.

Lease Liabilities

Our lease liabilities primarily arose from lease contracts for office premises used in our operations. Our total lease liabilities amounted to RMB182.0 million, RMB225.8 million, RMB250.5 million and RMB264.5 million as of December 31, 2019, 2020 and 2021 and March 31, 2022, respectively. During the Track Record Period, our lease liabilities continued increasing in line with our business expansion.

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The following table sets out our lease liabilities as of the dates indicated:

	As of December 31,			As of	As of
	2019	2020	2021	March 31,	July 31,
	RMB'000	RMB'000	RMB'000	2022	2022
					<i>(unaudited)</i>
Lease Liabilities					
Current	56,505	80,477	100,938	102,952	113,119
Non-current.	125,496	145,287	149,609	161,557	145,801
Total	182,001	225,764	250,547	264,509	258,920

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Historically, we have funded our working capital primarily from cash generated from our business operations. After the Global Offering, we intend to finance our future capital requirements through the same sources of funds as mentioned above, together with the net proceeds we will receive from the Global Offering. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Although we had net current liabilities of RMB2,326.6 million as of March 31, 2022, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this Prospectus, taking into account cash flow generated from operating activities in 2019, 2020 and 2021 and net proceeds from the Global Offering, and considering the fact that our payments for dividends and acquisitions had a temporary negative impact on our working capital. The details of these factors are as follows:

- *Cash flow generated from our business.* We had net cash flows from operating activities in the amount of RMB2,091.0 million, RMB2,557.2 million and RMB2,833.6 million in 2019, 2020 and 2021, respectively. Going forward, we will continue to take efforts in improving our operating cash flow position.
- *Dividend payments.* A significant portion of the increase in our current liabilities as of December 31, 2021 was due to impact from dividends of RMB3,537.0 million declared in 2021.
- *Acquisition of Bon Property.* In 2021, we acquired Bon Property in line with our business expansion strategy to increase spatial density in strategically important cities and regions. In 2021, we used time deposits and wealth management products to fund a portion of the consideration of RMB1,612.8 million for the acquisition of Bon Property, which resulted in a decrease in our total current assets.

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- *Net proceeds from the Global Offering.* We expect to receive net proceeds from the Global Offering of approximately HK\$5,655.2 million (RMB4,978.3 million) based on the mid-point of the indicative Offer Price range assuming the Over-allotment Option is not exercised set out in this Prospectus.

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash flows from operations, our cash and cash equivalents and net proceeds from the Global Offering. As of July 31, 2022, we had RMB3,350.0 million available bank facilities, of which RMB3,319.9 million were unutilized and unrestricted.

Cash Flows

The following table sets forth selected cash flow statement information for the years or periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Operating cash flows before movements					
in working capital	1,584,852	2,198,383	2,545,737	444,176	661,568
Changes in working capital	842,179	724,590	784,180	(1,146,541)	(2,391,685)
Tax paid	(336,038)	(365,766)	(496,306)	(206,431)	(187,331)
Net cash flows from/(used in) operating activities	2,090,993	2,557,207	2,833,611	(908,796)	(1,917,448)
Net cash flows (used in)/from investing activities	(665,862)	(1,950,312)	518,927	22,522	(178,386)
Net cash flows from/(used in) financing activities	(327,912)	(390,494)	(2,319,303)	(1,853)	(480,369)
Net increase/(decrease) in cash and cash equivalents	1,097,219	216,401	1,033,235	(888,127)	(2,576,203)
Cash and cash equivalents at beginning of year/period	4,087,163	5,184,792	5,397,646	5,397,646	6,430,557
Effect of foreign exchange rate changes, net.	410	(3,547)	(324)	227	31
Cash and cash equivalent at end of the year/period	<u>5,184,792</u>	<u>5,397,646</u>	<u>6,430,557</u>	<u>4,509,746</u>	<u>3,854,385</u>

Operating Activities

Our cash flows from/(used in) operating activities reflect our profit before tax adjusted for (i) non-cash and non-operating items (such as amortization of intangible assets, impairment losses for prepayments, deposits and other receivables, net, gain on disposal of investment properties); (ii) the effects of movement in working capital (such as trade and notes receivables, prepayments, deposits and other receivables, other payables and accruals and contract liabilities); and (iii) other cash items (such as tax paid). Cash flows from operating

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activities can be significantly affected by factors such as the timing of collection of trade receivables from customers and the timing of payment of trade payables to suppliers during the ordinary course of our business, which also primarily accounted for the difference in the net cash flows generated from operating activities among the years during the Track Record Period.

Our net cash flows used in operating activities for the three months ended March 31, 2022 was RMB1,917.4 million. This net cash outflow was primarily a result of profit before tax of RMB427.2 million, as adjusted for non-cash and non-operating items, changes in working capital and tax paid. Adjustments for non-cash and non-operating items primarily consisted of (i) amortization of intangible assets of RMB127.2 million; (ii) impairment losses for prepayments, deposits and other receivables, net of RMB47.7 million; (iii) impairment losses for trade and retention receivables, net of RMB33.8 million; and (iv) depreciation of items of property, plant and equipment of RMB26.8 million. Changes in working capital primarily included (i) an increase in trade and retention receivables of RMB1,401.6 million; (ii) an increase in prepayments, deposits and other receivables of RMB880.4 million; and (iii) a decrease in other payables and accruals of RMB438.6 million. Our tax paid in the three months ended March 31, 2022 was RMB187.3 million.

Going forward, we intend to improve our operating cash flow by further enhancing our working capital management, including timely collection of trade and retention receivables. As a result of our continued efforts, as of July 31, 2022, RMB4,999.8 million, accounting for approximately 85.0% of our total trade and retention receivables as of March 31, 2022, had been settled, among which (i) RMB1,866.3 million, or approximately 86.4% of our trade and retention receivables from related parties as of March 31, 2022, had been settled and (ii) RMB3,133.5 million, or approximately 84.2% of our trade and retention receivables from independent third parties as of March 31, 2022, had been settled. In addition, we will continue to expand our business by leveraging our leading market position, strong brand recognition and robust management capabilities, which is expected to help us achieve robust revenue growth as proven by our successful track record.

Our net cash flows from operating activities in 2021 was RMB2,833.6 million. This net cash inflow was primarily a result of profit before tax in the amount of RMB2,320.0 million, as adjusted for non-cash and non-operating items, changes in working capital and tax paid. Adjustments for non-cash and non-operating items primarily included (i) amortization of intangible assets of RMB193.4 million; (ii) depreciation of items of property, plant and equipment of RMB103.8 million; and (iii) interest income of RMB85.2 million. Changes in working capital primarily consisted of (i) an increase in other payables and accruals of RMB733.3 million; (ii) an increase in trade and retention receivables of RMB731.2 million; and (iii) an increase in trade and notes payables of RMB390.8 million. Our tax paid in 2021 was RMB496.3 million.

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Our net cash flows from operating activities in 2020 was RMB2,557.2 million. This net cash inflow was primarily a result of profit before tax in the amount of RMB2,108.9 million, as adjusted for non-cash and non-operating items, changes in working capital and tax paid. Adjustments for non-cash and non-operating items primarily included (i) gain on disposal of investment properties of RMB130.7 million; (ii) impairment losses for prepayments, deposits and other receivables, net of RMB107.4 million; and (iii) amortization of intangible assets of RMB80.9 million. Changes in working capital primarily consisted of (i) an increase in trade and notes payables of RMB844.8 million; (ii) an increase in trade and retention receivables of RMB749.8 million; and (iii) an increase in contract liabilities of RMB452.9 million. Our tax paid for the year ended December 31, 2020 was RMB365.8 million.

Our net cash flows from operating activities in 2019 was RMB2,091.0 million. This net cash outflow was primarily a result of profit before tax in the amount of RMB1,454.7 million, as adjusted for non-cash and non-operating items, changes in working capital and tax paid. Adjustments for non-cash and non-operating items primarily included (i) gain on disposal of investment properties of RMB156.3 million; (ii) amortization of intangible assets of RMB112.3 million; and (iii) impairment losses for prepayments, deposits and other receivables, net of RMB132.0 million. Changes in working capital primarily consisted of (i) an increase in other payables and accruals of RMB1,263.5 million; (ii) an increase in prepayments, deposits and other receivables of RMB803.0 million; and (iii) an increase in trade and retention receivables of RMB620.6 million. Our tax paid for the year ended December 31, 2019 was RMB336.0 million.

Investing Activities

Our cash inflows generated from investing activities primarily consist of proceeds from disposal of investment properties. Our cash outflows used in investing activities primarily consist of purchase of shareholding in joint ventures and associates and increase in pledged time deposits with original maturity of over three months.

For the three months ended March 31, 2022, our net cash flows used in investing activities amounted to RMB178.4 million, primarily reflecting (i) purchase of intangible assets of RMB191.1 million; and (ii) proceeds from disposal of joint ventures and associates of RMB41.1 million.

In 2021, our net cash flows generated from investing activities amounted to RMB518.9 million, primarily reflecting (i) decrease in time deposits with original maturity of over three months of RMB1,223.6 million; and (ii) receipt from wealth management products of RMB726.0 million, as partially offset by our acquisition of subsidiaries of RMB1,434.3 million.

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In 2020, our net cash flows used in investing activities amounted to RMB1,950.3 million, primarily reflecting (i) purchase of shareholding in joint ventures and associates of RMB1,108.8 million; and (ii) an increase in time deposits with original maturity of over three months of RMB949.0 million, as partially offset by proceeds from disposal of investment properties of RMB310.7 million.

In 2019, our net cash flows used in investing activities amounted to RMB665.9 million, primarily reflecting (i) payment for purchase of shareholding in joint ventures and associates of RMB317.5 million; and (ii) an increase in time deposits with original maturity of over three months of RMB438.6 million, as partially offset by proceeds from disposal of investment properties of RMB345.7 million.

Financing Activities

Our financing activities primarily include repayment of bank loans and dividends paid to equity holders of the parent.

For the three months ended March 31, 2022, we had net cash flows used in financing activities of RMB480.4 million, which was mainly attributable to dividends paid to equity holders of the parent of RMB446.2 million.

In 2021, we had net cash flows used in financing activities of RMB2,319.3 million, which was primarily attributable to dividends paid of RMB2,243.0 million.

In 2020, we had net cash flows used in financing activities of RMB390.5 million, which was primarily attributable to (i) repayment of bank loans of RMB447.3 million; and (ii) dividends paid of RMB317.7 million, partially offset by new bank loans of RMB452.1 million.

In 2019, we had net cash flows used in financing activities of RMB327.9 million, which was primarily attributable to (i) dividends paid of RMB247.1 million and (ii) capital element of lease rentals paid of RMB63.9 million.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates indicated:

	As of or for the year ended December 31,			As of or for the three months ended March 31,
	2019	2020	2021	2022
Return on assets (%) ⁽¹⁾	7.3	8.6	7.2	4.5
Return on equity (%) ⁽²⁾	20.9	24.8	20.3	12.2
Current ratio (times) ⁽³⁾	1.0	1.1	0.8	0.9
Net gearing ratio (%) ⁽⁴⁾	net cash	net cash	net cash	net cash

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- (1) Return on assets is calculated as our profit for the year divided by our average total assets as of the beginning and the end of the corresponding year and multiplied by 100%. Return on assets in the three months ended March 31 has been annualized by multiplying by four. Accordingly, the annualized return on assets may not be indicative of that for the full year ending December 31, 2022. Investors are cautioned not to place any undue reliance on such data.
- (2) Return on equity is calculated as our profit for the year divided by our average total equity as of the beginning and the end of the corresponding year and multiplied by 100%. Return on equity in the three months ended March 31 has been annualized by multiplying by four. Accordingly, the annualized return on equity may not be indicative of that for the full year ending December 31, 2022. Investors are cautioned not to place any undue reliance on such data.
- (3) Current ratio is calculated as our total current assets as of the end of the relevant year/period divided by our total current liabilities as of the end of the corresponding year/period.
- (4) Net gearing ratio is calculated as our total interest-bearing borrowings minus cash and cash equivalents divided by total equity as of the end of the relevant year/period and multiplied by 100%. Net gearing ratio is not applicable to us as we had net cash position as of December 31, 2019, 2020 and 2021 and March 31, 2022.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

During the Track Record Period, we incurred capital expenditures mainly for purchase of property, plant and equipment and purchases of investment property. The following table sets forth a breakdown of our capital expenditures for the years or periods indicated:

	For the year ended December 31,			For the three months ended
	2019	2020	2021	March 31,
	RMB'000	RMB'000	RMB'000	2022
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Purchases of items of property, plant and equipment	85,646	141,360	228,306	35,325
Purchases of items of investment property	132,225	220,647	14,495	—
Total	<u>234,247</u>	<u>400,768</u>	<u>238,175</u>	<u>35,325</u>

We estimate that our capital expenditures for the year ending December 31, 2022 will be approximately RMB250.0 million, which we intend to use primarily for purchase of property, plant and equipment. We expect to fund these capital expenditures with our available cash resources.

CONTINGENT LIABILITIES

As of March 31, 2022, we were not involved in any material legal, arbitration or administrative proceedings that were expected to materially and adversely affect our financial condition or results of operations, although there can be no assurance that this will not be the case in the future. Our Directors confirm that there has been no material change in our contingent liabilities since March 31, 2022 to the date of this Prospectus.

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RELATED PARTY TRANSACTIONS AND BALANCES

Our ultimate controlling party and immediate holding company is China Vanke Co., Ltd. Please see Note 37 to the Accountants' Report in Appendix I to this Prospectus for a detailed discussion of related party transactions.

Significant Related Party Transactions

During the Track Record Period, we entered into a number of related party transactions, pursuant to which: (i) we purchased investment properties, including carpark spaces and other assets; (ii) we received services, such as security services and electromechanical maintenance service; (iii) we leased office spaces; and (iv) we provided services such as community space living consumption services, commercial and urban space integrated services and AIoT and BPaaS solutions.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on normal commercial terms and on an arm's length basis and would not distort our results of operations or make our historical results not reflective of our future performance.

During the Track Record Period, we had the following significant transactions with related parties:

	For the year ended December 31,			For the three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Purchase of investment properties					
– The ultimate holding company and its subsidiaries (the “China Vanke Group”)	132,225	220,647	14,495	3,624	–
Receipts of services					
– China Vanke Group	23,105	79,877	61,078	6,591	2,586
– Associates and joint ventures of China Vanke Group	–	2,993,171	3,699,928	853,724	1,087,314
	<u>23,105</u>	<u>3,073,048</u>	<u>3,761,006</u>	<u>860,315</u>	<u>1,089,900</u>
Lease of office space					
– China Vanke Group	16,063	20,649	23,797	6,213	6,702
Rendering of services					
– China Vanke Group	1,770,004	2,798,713	3,820,494	707,879	899,931
– Associates and joint ventures of China Vanke Group	407,593	638,675	885,714	126,483	174,164
	<u>2,177,597</u>	<u>3,437,388</u>	<u>4,706,208</u>	<u>834,362</u>	<u>1,074,095</u>

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Purchase of Investment Properties

During the Track Record Period, we purchased carpark spaces and other assets from related parties in the amount of RMB132.2 million, RMB220.6 million, RMB14.5 million and nil, respectively.

Receipt of Services

We received service from certain related parties. The services received from associates and joint ventures of China Vanke Group comprise security service and electromechanical maintenance service. During the Track Record Period, we incurred transactions that amounted to RMB23.1 million, RMB3,073.0 million, RMB3,761.0 million and RMB1,089.9 million, respectively.

Lease of Office Space

We incurred fees charged for properties that we rented from China Vanke Group and its subsidiaries. During the Track Record Period, such rents amounted to RMB16.1 million, RMB20.6 million, RMB23.8 million and RMB6.7 million, respectively.

Rendering of Services

We provided community space living consumption services, commercial and urban space integrated services and AIoT and BPaaS solutions to certain related parties during the Track Record Period. During the Track Record Period, revenue recorded for providing above-mentioned services to related parties amounted to RMB2,117.6 million, RMB3,437.4 million, RMB4,706.2 million and RMB1,074.1 million, respectively.

Related party balances

The following table sets forth a breakdown of our related party balances as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	March 31,
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and retention receivables				
China Vanke Group	1,200,828	1,244,834	1,587,756	1,747,608
Associates and joint ventures of China Vanke Group	344,218	635,767	458,572	412,950
	<u>1,545,046</u>	<u>1,880,601</u>	<u>2,046,328</u>	<u>2,160,558</u>

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	As of December 31,			As of March 31,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments, deposits and other receivables				
China Vanke Group	1,841,627	1,451,408	1,286,933	1,319,691
Associates and joint ventures of China Vanke Group	403,528	311,797	356,123	299,552
	<u>2,245,155</u>	<u>1,763,205</u>	<u>1,643,056</u>	<u>1,619,243</u>
Trade and notes payables				
Associates and joint ventures of China Vanke Group	–	472,677	184,894	79,515
Other payables and accruals				
Other payables				
– China Vanke Group	612,125	294,390	417,008	439,017
– Associates and joint ventures of China Vanke Group	40,817	152,389	102,784	129,291
	<u>652,942</u>	<u>446,779</u>	<u>519,792</u>	<u>568,308</u>
Long-term payables within one year				
– China Vanke Group	69,678	54,059	53,671	36,960
– Associates and joint ventures of China Vanke Group	8,860	5,734	6,734	10,761
	<u>78,538</u>	<u>59,793</u>	<u>60,405</u>	<u>47,721</u>
Long-term payables				
– China Vanke Group	38,594	21,934	15,674	4,377
– Associates and joint ventures of China Vanke Group	5,709	2,353	1,127	917
	<u>44,303</u>	<u>24,287</u>	<u>16,801</u>	<u>5,294</u>
Contract liabilities				
China Vanke Group	–	103,971	114,587	86,357
Lease liabilities				
China Vanke Group	55,079	52,905	37,769	34,163

Our balances with related parties are all trade in nature.

Our account receivables from related parties mainly arose from our provision of community space living consumption services, commercial and urban space integrated services and AIoT and BPaaS solution services to such parties during the Track Record Period.

Our long-term deposits represent the payments we made for the entrustment of disposing and managing certain carpark spaces on behalf of property developers and will be refunded upon subsequent disposals of such carpark spaces to individual purchasers.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on normal commercial terms and on an arm's length basis and would not distort our results of operations or make our historical results not reflective of our future performance.

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OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of March 31, 2022, being the date of our most recent audited financial statements, and as of the Latest Practicable Date.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Our principal financial instruments mainly include restricted bank deposits, cash and cash equivalents, trade and other receivables, trade and other payables, which arise directly from our operations. We have other financial assets and liabilities such as financial assets at fair value through profit or loss, time deposits with original maturity of over three months, lease liabilities, amounts due to related parties and amounts due from related parties. The main purpose of these financial instruments is to raise finance for our operations.

The main risks arising from our financial instruments are interest rate risk, credit risk, liquidity risk, and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

Our exposure to the risk of changes in market interest rates relates primarily to our loans and borrowings with a floating interest rate. As of the end of the Track Record Period, we did not have any significant exposure to the interest rate risk in the cash flows.

Credit risk

We are exposed to credit risk in relation to trade and retention receivables, other receivables, cash and cash equivalents, time deposits with original maturity of over three months and restricted bank deposits.

We expect that there is no significant credit risk associated with cash and cash equivalents and restricted bank deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

We expect that the credit risk associated with trade and retention receivables and other receivables due from related parties to be low, since the related parties have strong capacity to meet contractual cash flow obligations in the near term.

We trade only with recognized and creditworthy third parties. Concentrations of credit risk are managed by analysis by customer or counterparty. There are no significant concentrations of credit risk within our Group as the customer bases of our trade and retention receivables and other receivables are widely dispersed. In addition, receivable balances are monitored on an ongoing basis. For more details of our credit risk, please also see Note 40 to the Accountants' Report set out in Appendix I to this Prospectus.

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Liquidity risk

Individual operating entities within our Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by management and directors when the borrowings exceed certain predetermined levels of authority.

The following tables show the remaining contractual maturities at the end of each of 2019, 2020 and 2021 and the three months ended March 31, 2022 of our non-derivative financial liabilities, based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date we can be required to pay.

	Less than 12 months	One to five years	Total
	RMB'000	RMB'000	RMB'000
As of December 31, 2019			
Trade and notes payables	1,693,895	–	1,693,895
Financial liabilities included in other payables and accruals	3,036,796	525,302	3,562,098
Lease liabilities	64,284	129,049	193,333
Interest-bearing bank borrowings	387	10,622	11,009
	<u>4,795,362</u>	<u>664,973</u>	<u>5,460,335</u>

	Less than 12 months	One to five years	Total
	RMB'000	RMB'000	RMB'000
As of December 31, 2020			
Trade and notes payables	2,604,899	–	2,604,899
Financial liabilities included in other payables and accruals	3,100,766	661,115	3,761,881
Lease liabilities	92,909	155,060	247,969
Interest-bearing bank borrowings	10,340	4,215	14,555
	<u>5,808,914</u>	<u>820,390</u>	<u>6,629,304</u>

	Less than 12 months	One to five years	Total
	RMB'000	RMB'000	RMB'000
As of December 31, 2021			
Trade and notes payables	3,243,250	–	3,243,250
Financial liabilities at fair value through profit or loss	191,792	–	191,792
Financial liabilities included in other payables and accruals	5,747,016	815,539	6,562,555
Lease liabilities	111,161	158,127	269,288
Interest-bearing bank borrowings	11,531	4,103	15,634
	<u>9,304,750</u>	<u>977,769</u>	<u>10,282,519</u>

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	Less than 12 months	One to five years	Total
	RMB'000	RMB'000	RMB'000
As of March 31, 2022			
Trade and notes payables	3,268,678	–	3,268,678
Financial liabilities at fair value through profit or loss	191,792	–	191,792
Financial liabilities included in other payables and accruals	5,725,833	817,905	6,543,738
Lease liabilities	113,387	149,523	262,910
Interest-bearing bank borrowings	4,531	16	4,547
	<u>9,304,221</u>	<u>967,444</u>	<u>10,271,665</u>

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign exchange rates. Fluctuations in exchange rates between US dollars and other currencies in which we conduct business may affect our financial condition and results of operations. As of the end of the Track Record Period, since we did not hold any financial instruments denominated in currencies other than the functional currencies of the respective operating units, we did not have any significant exposure to the foreign currency risk.

DIVIDEND POLICY

In 2019, 2020 and 2021 and the three months ended March 31, 2022, our Company declared dividends of RMB247.1 million, RMB317.7 million, RMB3,537.0 million and nil, respectively. The Company did not have any fixed dividend payout ratio during the Track Record Period, and may not have any fixed dividend payout ratio in the near future. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. No dividend will be declared or payable except out of our profits lawfully available for distribution. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

DISTRIBUTABLE RESERVES

As of March 31, 2022, the Group had retained profits of RMB979.0 million. The retained profits are reserves available for distribution to our equity Shareholders.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets as of March 31, 2022 as if it had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of March 31, 2022 or any future dates. It is prepared based on our consolidated net tangible assets as of March 31, 2022 as set out in the Accountants’ Report as set out in Appendix I to this Prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants’ Report as set out in Appendix I to this Prospectus.

	Consolidated net tangible assets attributable to the equity Shareholders of the Company as of March 31, 2022 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾⁽⁴⁾	Unaudited pro forma adjusted net tangible assets attributable to equity Shareholders of the Company	Unaudited pro forma adjusted net tangible assets attributable to equity Shareholders of the Company per Share	
	RMB’000	RMB’000	RMB’000	RMB ⁽³⁾	(HK\$ equivalent) ⁽⁴⁾
Based on an Offer Price of HK\$47.10 per Share.	1,705,339	4,695,675	6,401,014	5.48	6.23
Based on an Offer Price of HK\$49.90 per Share.	1,705,339	4,978,303	6,683,642	5.73	6.51
Based on an Offer Price of HK\$52.70 per Share.	1,705,339	5,260,930	6,966,269	5.97	6.78

Notes:

- (1) The consolidated net tangible assets attributable to owners of the Company as of March 31, 2022 is extracted from the Accountants’ Report in Appendix I to this Prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the indicative offer prices of HK\$47.10 per Share (being the minimum Offer Price), HK\$49.90 per Share (being the middle Offer Price) and HK\$52.70 per Share (being the maximum Offer Price), respectively, after deduction of the underwriting fee and other expenses.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis of 1,167,134,000 Shares expected to be issued immediately upon completion of the Global Offering.

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- (4) The estimated net proceeds from the Global Offering and unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per Share are converted into Hong Kong dollars at an exchange rate of HK\$1 to RMB0.88031 as of September 9, 2022.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions entered into by our Group subsequent to March 31, 2022.

DISCLOSURE REQUIRED UNDER LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this Prospectus, there has been no material adverse change in our financial or trading position or prospects since March 31, 2022 (being the date of our latest audited financial statements) and there has been no event since March 31, 2022 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this Prospectus.

LISTING EXPENSES

Our listing expenses mainly include sponsor fees, underwriting commissions, incentive fees, professional fees paid to legal advisors and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB148.6 million (HK\$168.9 million), representing 2.9% of the gross proceeds from the Global Offering. The estimated total listing expenses consist of (i) underwriting commissions of approximately RMB89.7 million (HK\$101.9 million), and (ii) non-underwriting related expenses of approximately RMB58.9 million (HK\$66.9 million), which consist of fees and expenses of legal advisors and the Reporting Accountants of approximately RMB39.1 million (HK\$44.4 million) and other fees and expenses of approximately RMB19.8 million (HK\$22.5 million). Among the total estimated total listing expenses, RMB138.5 million (HK\$157.4 million) is expected to be accounted for as a deduction from equity upon completion of the Listing. The remaining fees and expenses of RMB10.1 million (HK\$11.5 million) were or are expected to be charged to our profit or loss account, and approximately RMB9.5 million (HK\$10.7 million) is expected to be charged upon the Listing. The professional fees and/or other expenses related to the preparation of the Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors do not expect that our Listing expenses will have a material adverse impact on our financial performance for the year ending December 31, 2022.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$49.9 per Offer Share (being the mid-point of the Offer Price range stated in the Prospectus), will be approximately HK\$5.7 billion, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 35% or HK\$1,979.3 million will be used to finance the development of our density-focused strategy in selected sub-districts and replicate the success of our “Onewo Town” model on a national scale, in order to expand our business, enable economies of scale and create new revenue opportunities. In particular, we plan to allocate:
 - (i) approximately 25% or HK\$1,413.8 million, to financing our business expansion initiatives. In particular:
 - (a) approximately 15% or HK\$848.3 million will be used to support our technology deployment and service quality enhancement efforts at the initial stage of managing residential property service projects (the “**Initial Investments**”), in order to improve our competitiveness in securing new projects from property owners’ associations and other Independent Third Parties (“**New Independent Third Party Residential Projects**”) in the next three to five years. In particular, 9% or HK\$509.0 million will be applied primarily to cover the costs of intelligent hardware and software products, such as smart access control devices and security management systems, while 6% or HK\$339.3 million will be used to improve the residential environment and perform facility and common area renovation, among others. We expect to make Initial Investments in no less than 100, 150 and 150 New Independent Third Party Residential Projects in 2022, 2023 and 2024 and beyond, respectively, with a strategic focus on first-tier, new first-tier and second-tier cities. To the extent that 15% of net proceeds is insufficient to meet our business expansion needs, we may use our operating cash flow to finance our Initial Investments;
 - (b) approximately 5% or HK\$282.8 million will be used to acquire majority interests in residential property service providers. Our selection process of these targets comprehends a variety of considerations. As a minimum requirement, we would expect each of them to have a business complementary to ours in selected sub-districts, such that after an acquisition, we could increase the spatial density of our services and

FUTURE PLANS AND USE OF PROCEEDS

therefore lay a good foundation for the subsequent implementation of the “Onewo Town” model. To meet this requirement, a residential property service provider shall have (a) 70% of its residential property service projects falling within one or more of the 3,402 sub-districts earmarked by us as our initial-stage “Onewo Town” expansion targets (the “**Earmarked Onewo Towns**”), with a minimum of 3,000 households under management per sub-district in a significant portion of the Earmarked Onewo Towns where it has a presence; or (b) at least 70% of its projects falling within one or more of 531 Earmarked Onewo Towns where we manage more than 3,000 households. Geographically we will be focusing on the acquisition or investment opportunities in first-tier, new first-tier and second-tier cities. In addition, we would also expect each of our targets to have (a) consistently strong results of operations and financial condition, demonstrated by a total GFA under management of no less than 500,000 sq.m. or a total annual revenue of no less than RMB15.0 million for at least one year during the three years immediately preceding our evaluation process; and (b) an established internal control system and sound compliance record.

We expect to acquire majority interests in five to 15 residential property service providers in the next three to five years. As of the Latest Practicable Date, we had not identified any potential acquisition target or entered into any definitive agreement for investment or acquisition. According to Frost & Sullivan, the PRC residential property service market is fragmented. Revenue generated from residential property services of top five property service companies accounted for 18.8% of the total revenue of such market in 2021. As the competition in this market becomes increasingly fierce, these small and medium-sized enterprises are expected to experience difficulties in expanding their businesses through diversifying property types under management and achieving cross-regional development. According to Frost & Sullivan, in 2021, there were over 110,000 residential property service companies in China, among which approximately 45% were affiliated to real estate developers, while approximately 55% were independent residential property service companies. Based on the foregoing, we believe we are unlikely to encounter difficulties finding suitable acquisition and investment targets and implementing our business strategies in this regard; and

- (c) approximately 5% or HK\$282.8 million will be used for (1) establishment of new subsidiaries, or equity investments in new joint ventures or associates to expand our project portfolio of urban space integrated services by at least five projects each year in the next three to five years; and (2) business development activities to enhance the awareness of our *City Up* brand; and

FUTURE PLANS AND USE OF PROCEEDS

- (ii) approximately 10% or HK\$565.5 million, to investments in the standardization and digitalization initiatives for the purpose of facilitating the integration and resource sharing of managed spaces within Onewo Towns. In particular, we expect to (a) establish no less than 15, 25 and 300 warehouses for our home renovation and furnishing services business in 2022, 2023 and 2024 and beyond, respectively, with a total estimated investment of HK\$84.8 million; (b) establish service training and exhibition centers in no less than 15, 25 and 300 Onewo Towns in 2022, 2023 and 2024 and beyond, respectively, with a total estimated investment of HK\$169.7 million; and (c) centralized and digitalized cleaning devices such as robot sweepers in each of the Onewo Towns where we serve more than 3,000 households, with a total estimated investment of HK\$311.0 million. Such investments will be used to enhance our digital infrastructure and diversify our offline touchpoints in an effort to improve efficiency and increase customer experience. We will be prioritizing our investments in 148 Earmarked Onewo Towns where we have already served more than 10,000 households. The table below sets forth certain locations of the 148 Earmarked Onewo Towns:

Region	Locations of Earmarked Onewo Towns
East China	Liangzhu Sub-district, Taihu Sub-district
South China	Bantian Sub-district, Tianhe South Sub-district
North China	Donglihu Sub-district, Chengyang Sub-district
West China	Donghua Sub-district, Shanglin Sub-district
Northeast China	Baita Sub-district, Santaizi Sub-district
Central China	Jinyinhu Sub-district, Tangjiadun Sub-district

- Approximately 25% or HK\$1,413.8 million will be used to invest in the development of our AIoT and BPaaS solutions, in order to strengthen our hardware and software product development capabilities to accelerate our growth of revenue through AIoT and BPaaS solution services and equip us with the capabilities to build up our industrial Internet. In particular, we plan to allocate:

- (i) approximately 10% or HK\$565.5 million to investments in technology infrastructure to augment our AIoT solutions, including:
- (a) 5% or HK\$282.8 million in enhancing our AIoT system integration capabilities through developing and upgrading our AIoT platform, in an effort to interconnect a more diverse set of equipment and facilities such as edge AI box, AI-enabled patrol robots, cameras and drones, and accelerate our transformation to remote operation. Set forth below are details of our implementation plan:

Investment period	What we expect to achieve	Estimated costs (HK\$ in millions)
From the Latest Practicable Date to December 31, 2023	We will continue to develop AIoT platform to provide stronger support for SaaS services, and faster access to the edge devices, so as to strengthen the capability of our AIoT platform to meet more customer demands. We aim to interconnect more equipment, allowing full spectrum of access and operation of AIoT equipment in Onewo Towns	159.3

FUTURE PLANS AND USE OF PROCEEDS

<u>Investment period</u>	<u>What we expect to achieve</u>	<u>Estimated costs</u> <u>(HK\$ in millions)</u>
2024	We will improve intelligent edge gateways, smart access control, navigating sensors, dispatching intercom equipment to enhance our capabilities in terms of security, access control, automated patrolling and fire control	85.8
2025 and beyond	We will continue to maintain and iterate our AIoT platform and enhance its user-friendliness	37.7

- (b) 5% or HK\$282.8 million in improving our edge servers and cloud-edge collaboration capabilities through optimizing our algorithms, allowing them to analyze and respond in more complex service scenarios and operational environments. For example, we will continue to invest in our *Lingshi E Control* operation system to enable it to process a larger number of operating information such as real time screenshots, identify issues through AI and propose solutions to on-site staff more efficiently. Set forth below are details of our implementation plan:

<u>Investment period</u>	<u>What we expect to achieve</u>	<u>Estimated costs</u> <u>(HK\$ in millions)</u>
From the Latest Practicable Date to December 31, 2023	We will build up the plug-and-play capability for our edge servers, and enhance our cloud-edge collaboration capability, which will enable us to better serve our customers in Onewo Towns	141.4
2024	We will continue to invest in <i>Lingshi E Control</i> operation system and apply it to a majority of our 531 Earmarked Onewo Towns where we manage more than 3,000 households. We will also commence trial operations of such system in independent third-party property management companies	84.8
2025 and beyond	We will optimize our algorithms, enhance the edge computing capabilities and expand our services to more independent third-party property management companies to accelerate our revenue growth	56.6

FUTURE PLANS AND USE OF PROCEEDS

(ii) approximately 15% or HK\$848.3 million to finance the development of our BPaaS solutions, with a strategic focus on standardizing and digitalizing a broad spectrum of service processes, in order to enhance our remote operation capabilities and create real value for more customers. In particular:

(a) 5% or HK\$282.8 million will be used to enhance BPaaS solutions such as cloud-enabled maintenance inspection, cloud-enabled predictive maintenance, cloud-enabled coordination, cloud-enabled customer services and cloud-enabled access control that are targeting community and urban spaces. Set forth below are details of our implementation plan:

<u>Investment period</u>	<u>What we expect to achieve</u>	<u>Estimated costs</u> <u>(HK\$ in millions)</u>
From the Latest Practicable Date to December 31, 2023	We will integrate the AIoT equipment in community and urban spaces with our self-developed software products and platform to enhance the cloud-enabled services, prioritizing the implementation in 148 Earmarked Onewo Towns where we manage more than 10,000 households	99.0
2024	We will continue to apply BPaaS solutions to a majority of our 531 Earmarked Onewo Towns where we manage more than 3,000 households, and commence the trial operation of BPaaS solutions in properties managed by independent third-party property management companies	141.4
2025 and beyond	We will introduce the BPaaS solutions to more properties managed by independent third-party property management companies to accelerate our revenue growth	42.4

(b) 10% or HK\$565.5 million will be used to develop new service processes that are targeting more complex scenarios in more types of spaces, such as office spaces, commercial complexes, industrial parks and public premises.

- Approximately 20% or HK\$1,131.0 million, in the next three to five years, will be used to incubate the Onewo ecosystem through acquisitions of majority interests in three to five value-added service providers and service providers along the upstream and downstream supply chain of our industry, such as carpark management, environment management solution services and corporate catering services, with a geographical focus on first-tier, new first-tier and second-tier cities. In line with our growth strategy and based on our growing understanding of customer needs in a variety of service scenarios, we will selectively pursue targets with a track record of operational excellence in rendering value-added services or services along the upstream and downstream supply chain that are synergistic with or complementary

FUTURE PLANS AND USE OF PROCEEDS

to our existing service portfolio. As of the Latest Practicable Date, we have not identified specific acquisition targets or entered into definitive investment or acquisition agreements for any acquisitions. According to Frost & Sullivan, there were approximately 500,000 carpark management service providers, 800,000 environment management solution service providers and 15,000 corporate catering service providers in China as of December 31, 2021. To the extent that 20% of net proceeds is insufficient to meet our acquisition needs, we may use our operating cash flow to finance our Initial Investments.

- Approximately 10% or HK\$565.5 million will be used to attract and nurture talents. In particular, we intend to (a) increase the diversity of our senior management, technicians and professional staff in order to strengthen the competitiveness of our workforce; and (b) provide better training programs for our people in order to enhance service efficiency, work performance and employee satisfaction.
- Approximately 10% or HK\$565.5 million will be used for working capital and for general corporate purposes.

Given the fragmented nature of the industries we are in, there is a sufficiently large number of potential targets that meet our considerations for acquisitions as demonstrated in the above. As a result, notwithstanding the fierce competition we may face from other market players that are also actively seeking quality targets, we believe we can identify and acquire suitable targets to implement our business strategies.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$321.1 million, respectively.

The additional net proceeds that we would receive if the Over-allotment Option was exercised in full would be (i) HK\$906.4 million (assuming an Offer Price of HK\$52.7 per Share, being the maximum Offer Price of the indicative Offer Price range), (ii) HK\$858.2 million (assuming an Offer Price of HK\$49.9 per Share, being the mid-point of the indicative Offer Price range) and (iii) HK\$810.1 million (assuming an Offer Price of HK\$47.1 per Share, being the minimum Offer Price of the indicative Offer Price range).

To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis. To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes, we will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in the PRC). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

CORNERSTONE INVESTORS

THE CORNERSTONE INVESTMENT

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set forth below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), who have agreed to, subject to certain conditions, subscribe or cause their designated entities to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased at the Offer Price with an aggregate amount of approximately US\$272 million to US\$280 million (exclusive of the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the FRC transaction levy) (the “**Cornerstone Investment**”).

Assuming an Offer Price of HK\$52.70 per Offer Share (being the high-end of the indicative Offer Price range set out in this Prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 41,787,900, representing approximately 35.80% of the Offer Shares and approximately 3.58% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK\$49.90 per Offer Share (being the mid-point of the indicative Offer Price range set out in this Prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 43,479,300, representing approximately 37.25% of the Offer Shares and approximately 3.73% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK\$47.10 per Offer Share (being the low-end of the indicative Offer Price range set out in this Prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 45,371,400, representing approximately 38.87% of the Offer Shares and approximately 3.89% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. Our Company is of the view that the Cornerstone Investment will help raise the profile of our Company and to signify that such investors have confidence in the business and prospect of our Group. We became acquainted with each of the Cornerstone Investors mainly through introduction by the relevant Joint Representatives.

The Cornerstone Investment will form part of the International Offering, and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue and will be counted towards the public float of our Company pursuant to Rule 8.24 of the Listing Rules.

CORNERSTONE INVESTORS

Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of our Company. The Cornerstone Investors or their close associates will not, by virtue of their Cornerstone Investments, have any Board representation in our Company. As confirmed by each Cornerstone Investor, their subscription under the Cornerstone Investment would be financed by either (i) the proprietary funding of the funds under their or their fund managers' management, as appropriate, or (ii) their own internal and/or external financial resources. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders. There are no side arrangements or arrangements between us and the Cornerstone Investors in relation to the Global Offering.

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party, and for the asset manager that is a qualified domestic institutional investor to subscribe for and hold the Offer Shares on behalf of Mixed-ownership Reform Fund, such asset manager is a connected client of one of the Joint Bookrunners of the Global Offering; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, our subsidiaries, our Directors, our Supervisors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of H Shares registered in their name or otherwise held by them; and (iii) none of the Cornerstone Investment is financed by our Company, our subsidiaries, our Directors, our Supervisors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of their respective close associates.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback". Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around September 28, 2022.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in our Company's H Shares commence on the Stock Exchange. There will be no deferred settlement arrangement for the Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements. If there is over-allocation in the International Offering, the settlement of such overallocation may be effected through delayed delivery of the Offer Shares to be subscribed by the Cornerstone Investors under the Cornerstone Investment. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares at or before 8 a.m. on the Listing Date. As such, there will be no deferred settlement for the investment amounts pursuant to the Cornerstone Investment Agreements.

CORNERSTONE INVESTORS

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the respective Cornerstone Investors in connection with the Cornerstone Investment.

China Chengtong

The China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司) (“**Mixed-ownership Reform Fund**”) is a national fund approved by the State Council, entrusted by the State-owned Assets Supervision and Administration Commission of the State Council and initiated by China Chengtong Holdings Group Co., Ltd. (中國誠通控股集團有限公司) (“**China Chengtong**”). The Mixed-ownership Reform Fund was established in Shanghai in December 2020, with a target total scale of RMB200 billion and an initial registered capital of RMB70.7 billion. The shareholders of the Mixed-ownership Reform Fund include a number of Chinese central enterprises, local government SOEs and private enterprises, amongst which the largest shareholder is China Chengtong with a shareholding of approximately 33.95%. China Chengtong is 100% controlled by the State-owned Assets Supervision and Administration Commission of the State Council. The Mixed-ownership Reform Fund is principally engaged in equity investment, asset management, investment advisory and corporate management advisory, with an investment focus on key strategic fields, core technical domains and others.

China Chengtong Investment Company Limited (“**China Chengtong Investment**”) is a wholly-owned subsidiary of China Chengtong Hong Kong Co., Ltd. (“**China Chengtong Hong Kong**”). China Chengtong Hong Kong is an overseas capital operation platform of China Chengtong, and is responsible for overseas equity investments, financial services and capital operations.

For the purpose of the cornerstone investment of Mixed-ownership Reform Fund, Mixed-ownership Reform Fund has engaged ICBCCS, a qualified domestic institutional investor licensed by the China Securities Regulatory Commission, to subscribe for and hold such Offer Shares on a discretionary basis on its behalf. ICBCI Capital is one of the Joint Global Coordinators and Joint Bookrunners, and ICBCI Securities (together with ICBCI Capital, as the “Connected Distributors”) is one of the Joint Lead Managers and Underwriters, in the Global Offering. ICBCCS is owned by ICBC as to 80%, and each of the Connected Distributors is indirectly wholly-owned by ICBC. ICBCCS is in the same group of companies as the Connected Distributors and is therefore a “connected client” of each of the Connected Distributors under paragraph 13(7) of the Placing Guidelines.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a consent under paragraph 5(1) of Appendix 6 to the Hong Kong Listing Rules to permit Mixed-ownership Reform Fund to participate in the Global Offering through ICBCCS as a cornerstone investor subject to certain conditions. See “Waivers from Strict Compliance with the Listing Rules – Allocation of H Shares to Cornerstone Investors who are connected with one of the Underwriters” for further details.

CORNERSTONE INVESTORS

UBS AM Singapore

UBS Asset Management (Singapore) Ltd. (“**UBS AM Singapore**”), a company incorporated in Singapore in December 1993, has entered into a cornerstone investment agreement with the Company and the Joint Representatives, in its capacity as the investment advisor or as the delegate to the investment manager for and on behalf of the following fund(s): UBS (LUX) EQUITY FUND – GREATER CHINA, UBS (LUX) EQUITY FUND – CHINA OPPORTUNITY, UBS (HK) FUND SERIES – CHINA OPPORTUNITY EQUITY (USD), UBS (CAY) INVESTMENT FUND SPC – UBS CHINA EQUITY SELECT CHERRY SEGREGATED PORTFOLIO II, UBS (LUX) EQUITY SICAV – ALL CHINA (USD), UBS (LUX) KEY SELECTION SICAV – CHINA EQUITY LONG SHORT (USD), NINETEEN77 GLOBAL MULTI-STRATEGY ALPHA MASTER LIMITED and UBS (IRL) INVESTOR SELECTION – O’CONNOR CHINA LONG/SHORT ALPHA STRATEGIES UCITS.

UBS AM Singapore is a wholly owned subsidiary of UBS Asset Management AG (“**UBS Asset Management**”), an investment management company, which is wholly ultimately owned by UBS Group AG, which is a company organized under Swiss law as a corporation that has issued shares of common stock to investors. UBS Group AG’s shares are listed on the SIX Swiss Exchange (stock code: UBSG) and the New York Stock Exchange (stock code: UBS). UBS Asset Management is a business division of UBS Group AG and is operated as a dedicated asset management business with independence in all investment decision making. UBS Asset Management is a global large-scale and diversified asset manager, with a presence in 23 markets. UBS Asset Management offers investment capabilities and styles across all major traditional and alternative asset classes as well as advisory support to institutions, wholesale intermediaries and its global wealth management clients. As at June 30, 2022, invested assets under management of UBS Asset Management globally totaled USD1.0 trillion. UBS AM Singapore’s shareholders’ and New York Stock Exchange’s approval are not required for UBS AM Singapore’s subscription for the Offer Shares.

HHLR Fund, L.P. and YHG Investment, L.P.

HHLR Fund, L.P. and YHG Investment, L.P. are limited partnerships formed under the laws of the Cayman Islands. HHLR Advisors, Ltd. (“**HHLR**”) serves as the investment manager of HHLR Fund, L.P. and of YHG Investment, L.P.. HHLR is a global asset management firm focused on investing in high quality businesses that achieve sustainable growth. HHLR partners with exceptional entrepreneurs and management teams. The group invests in the healthcare, business services, consumption and industrials sectors.

CEPHEI

Cephei QFII China Total Return Fund Ltd. (“**Cephei QFII China Total Return Fund**”), Cephei China Equity Relative Return Fund Ltd. (“**Cephei CERR Fund**”), Cephei China Equity Growth Fund Ltd. (“**Cephei CEG Fund**”) and MERCER QIF FUND PLC (“**MERCER Fund**”) are together defined as CEPHEI. The aggregate asset under management of Cephei QFII China Total Return Fund, Cephei CERR Fund, Cephei CEG Fund and MERCER Fund is approximately USD1,301 million. Cephei QFII China Total Return Fund, Cephei CERR Fund, and Cephei CEG Fund are held by more than 100 investors and none of the ultimate beneficiary

CORNERSTONE INVESTORS

owner hold more than 30% interests in such funds. The investors of Cephei QFII China Total Return Fund, Cephei CERR Fund, and Cephei CEG Fund primarily comprises of pensions funds, foundations and large family offices; investment companies and FOFs; and corporates and high net worth individuals, respectively.

Cephei QFII China Total Return Fund is a Cayman Islands exempted company with limited liability incorporated in February 2013 to operate as a private investment fund. Cephei QFII China Total Return Fund invests primarily in China related companies listed in the PRC, Hong Kong and other overseas markets. Cephei Capital Management (Hong Kong) Limited (“**Cephei Capital**”), a private company with limited liability incorporated under the laws of Hong Kong, is the investment manager to manage the investments of Cephei QFII China Total Return Fund. Mr. Li Gang, the chairman of Cephei Capital, is the largest shareholder and ultimate beneficial owner of Cephei Capital, holding more than 25% of the equity interests in Cephei Capital. Mr. Li Gang is an Independent Third Party.

Cephei CERR Fund is a Cayman Islands exempted company with limited liability incorporated in January 2019 as a private investment fund. Cephei CERR Fund invests primarily in China related companies listed in the PRC, Hong Kong and other overseas markets. Cephei Capital is the investment manager of the Fund.

Cephei CEG Fund is a Cayman Islands exempted company with limited liability incorporated in July 2018 as a private investment fund. Cephei CEG Fund invests primarily in China related companies listed in the PRC, Hong Kong and other overseas markets. Cephei Capital is the investment manager of the Fund.

MERCER Fund, a collective investment scheme incorporated as a limited liability variable capital company in Ireland, authorised as an umbrella fund with segregated liability between sub-funds by the Central Bank of Ireland. Mercer invests in assets globally, with Cephei Capital as its sub-investment manager.

Temasek

Esta Investments Pte. Ltd. is an indirect wholly owned subsidiary of Temasek Holdings (Private) Limited (“**Temasek**”). Temasek is an investment company with a net portfolio value of S\$403 billion as at March 31, 2022. Temasek’s Purpose “So Every Generation Prospers” guides it to make a difference for today’s and future generations. The Temasek Charter defines its three roles as an Investor, Institution and Steward, and shapes its ethos to do well, do right and do good. Sustainability is at the core of all that Temasek does. It is committed to catalysing solutions to global challenges and activating capital — financial, human, social and natural — to bring about a better and more inclusive world for all.

CORNERSTONE INVESTORS

True Light Investments H Pte. Ltd. (“**True Light**”) is indirectly wholly-owned by True Light Capital GP Pte. Ltd. (“**True Light Capital**”) in its capacity as the general partner of True Light Fund I LP. True Light Capital is in turn indirectly wholly-owned by Temasek. True Light Capital invests in opportunities in high-quality investment opportunities which have a nexus to or have a major business relationship with China, across asset classes (including private equity, public equity and funds), sectors, and stages (venture capital to mature public equity).

Athos Asia Event Driven Master Fund

Athos Capital Limited (“**Athos Capital**”) serves as the investment manager of Athos Asia Event Driven Master Fund. Athos Asia Event Driven Master Fund is an exempted company incorporated with limited liability in the Cayman Islands. Athos Capital manages assets of over US\$1 billion on behalf of a global institutional investor base, including sovereign wealth funds, university endowments, foundations and family offices. Founded in 2011, Athos Capital pursues a variety of investment strategies with a view to providing superior and sustainable long term returns for its clients. Athos Capital is wholly-owned by Mr. Matthew Love MOSKEY and Mr. Friedrich Bela SCHULTE-HILLEN, who also serve as the two Responsible Officers of Athos Capital.

The table below sets out details of the Cornerstone Investment:

Cornerstone Investor	Subscription amount	Number of Offer Shares ⁽¹⁾	Assuming a final Offer Price of HK\$52.70 per Offer Share (being the high-end of the indicative Offer Price range)			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
Chengtong						
– <i>Mixed-ownership Reform Fund</i>	RMB500 million	10,777,600	9.23%	0.92%	8.03%	0.91%
– <i>China Chengtong Investment</i>	US\$20 million	2,978,800	2.55%	0.26%	2.22%	0.25%
UBS AM Singapore	US\$60 million	8,936,500	7.66%	0.77%	6.66%	0.75%
HHLR Fund, L.P. and YHG Investment, L.P.	US\$39 million	5,824,000	4.99%	0.50%	4.34%	0.49%
CEPHEI	US\$39 million	5,824,000	4.99%	0.50%	4.34%	0.49%
Temasek	US\$25 million	3,723,500	3.19%	0.32%	2.77%	0.31%
Athos Asia Event Driven Master Fund	US\$25 million	3,723,500	3.19%	0.32%	2.77%	0.31%
Total	US\$280 million	41,787,900	35.80%	3.58%	31.13%	3.53%

CORNERSTONE INVESTORS

Assuming a final Offer Price of HK\$49.90 per Offer Share (being the mid-point of the indicative Offer Price range)						
Cornerstone Investor	Subscription amount	Number of Offer Shares ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
Chengtong						
– <i>Mixed-ownership Reform Fund</i>	RMB500 million	11,382,300	9.75%	0.98%	8.48%	0.96%
– <i>China Chengtong Investment</i>	US\$20 million	3,146,000	2.70%	0.27%	2.34%	0.27%
UBS AM Singapore	US\$60 million	9,438,000	8.09%	0.81%	7.03%	0.80%
HHLR Fund, L.P. and YHG Investment, L.P.	US\$37 million	5,824,000	4.99%	0.50%	4.34%	0.49%
CEPHEI	US\$37 million	5,824,000	4.99%	0.50%	4.34%	0.49%
Temasek	US\$25 million	3,932,500	3.37%	0.34%	2.93%	0.33%
Athos Asia Event Driven Master Fund	US\$25 million	3,932,500	3.37%	0.34%	2.93%	0.33%
Total	US\$276 million	43,479,300	37.25%	3.73%	32.39%	3.67%

Assuming a final Offer Price of HK\$47.10 per Offer Share (being the low-end of the indicative Offer Price range)						
Cornerstone Investor	Subscription amount	Number of Offer Shares ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
Chengtong						
– <i>Mixed-ownership Reform Fund</i>	RMB500 million	12,059,000	10.33%	1.03%	8.98%	1.02%
– <i>China Chengtong Investment</i>	US\$20 million	3,333,000	2.86%	0.29%	2.48%	0.28%
UBS AM Singapore	US\$60 million	9,999,000	8.57%	0.86%	7.45%	0.84%
HHLR Fund, L.P. and YHG Investment, L.P.	US\$34 million	5,824,000	4.99%	0.50%	4.34%	0.49%
CEPHEI	US\$34 million	5,824,000	4.99%	0.50%	4.34%	0.49%
Temasek	US\$25 million	4,166,200	3.57%	0.36%	3.10%	0.35%
Athos Asia Event Driven Master Fund	US\$25 million	4,166,200	3.57%	0.36%	3.10%	0.35%
Total	US\$272 million	45,371,400	38.87%	3.89%	33.80%	3.83%

Note:

- (1) Rounded down to the nearest whole board lot of 100 H Shares. Calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Currency Translation.” The exact number of H Shares to be subscribed by the Cornerstone Investors will be subject to the exchange rate as prescribed in the relevant Cornerstone Investment Agreement.

CORNERSTONE INVESTORS

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under their respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (a) the underwriting agreements for the Hong Kong Public Offering and the International Underwriting being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon between our Company and the Joint Representatives (on behalf of themselves and the other underwriters of the Global Offering);
- (c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the Shares subscribed for by the Cornerstone Investors as well as other applicable waivers and approvals), and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of such Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have subscribed for pursuant to the relevant Cornerstone Investment Agreement, save for in certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

UNDERWRITING

HONG KONG UNDERWRITERS

CLSA Limited
Citigroup Global Markets Asia Limited
Goldman Sachs (Asia) L.L.C.
CMB International Capital Limited
ICBC International Securities Limited
ABCI Securities Company Limited
BOCI Asia Limited
CCB International Capital Limited
Guosen Securities (HK) Capital Company Limited

HONG KONG UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 11,671,400 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions of this Prospectus.

Subject to (a) the Stock Exchange granting listing of, and permission to deal in, the H Shares to be issued and sold pursuant to the Global Offering (including any additional H Shares which may be issued and/or sold pursuant to the exercise of the Over-allotment Option) as mentioned herein; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally, but not jointly, to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions set out in this Prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for Termination

The Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters), shall be entitled by written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Singapore or other jurisdictions relevant to the Company (each a “**Relevant Jurisdiction**”); or
 - (ii) any change or development involving a prospective change, or any event or series of events likely to result in a change or prospective change, in local, national, regional or international financial, political, military, industrial, economic, fiscal, regulatory, currency, credit or market conditions, equity securities or other financial markets (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, the inter-bank markets) or currency exchange rate or controls in or affecting any Relevant Jurisdictions; or
 - (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, acts of God, epidemic, pandemic, outbreak or escalation of infectious disease (including without limitation COVID-19, SARS, MERS, H5N1, H1N1, swine or avian influenza or such related/mutated forms), accident or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions, or without limiting the foregoing, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or
 - (iv) the imposition or declaration of (a) any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; (b) any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of the Company or China Vanke listed or quoted on a stock exchange

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or an over-the-counter market or (c) any moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services in those places or jurisdictions; or

- (v) a change or development involving a prospective change or amendment in taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollars or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollars is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (vi) any change or prospective change in foreign exchange controls, currency exchange rates or foreign investment regulations, or any change or prospective change in taxation in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (vii) the commencement by any administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organization or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign or supranational (the “Authority”) or other regulatory or political body or organization of any public action or investigation against any Group Company or any Director or an announcement by any Authority or regulatory or political body or organization that it intends to take any such action; or
- (viii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or on, any Relevant Jurisdiction; or
- (ix) any change or development or event involving a prospective change in the Group’s assets, liabilities, profits, losses, performance, condition, business, financial position, earnings, trading position or prospects, or any change in capital stock or long-term debt of the Group, or any loss or interference with the assets, operations or business of the Group, which (in any such case) is not set out in the Prospectus; or
- (x) non-compliance of the Prospectus (or any other documents used with the contemplated subscription of the Hong Kong Offer Shares); or
- (xi) any event, act or omission which gives rise or is likely to give rise to any liability of the Company pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

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- (xii) an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (xiii) any non-compliance of the Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares) or any respect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xiv) any change or prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in the Prospectus; or
- (xv) any contravention by the Company or any Director of the Listing Rules or applicable laws; or
- (xvi) any Director, Supervisor or any member of senior management of the Company named in the Prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (xvii) any litigation or claim instigated, or any litigation or claim being threatened against any member of the Group, any Director or the Controlling Shareholders,

which, in any such case individually or in the aggregate, in the absolute opinion of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters),

- (1) has or will or likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profit, losses, earnings, results of operations, performance, position or condition, financial or otherwise, or performance of the Company or the Group as a whole; or
- (2) has or will or likely to have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or
- (3) has or will or likely to have a material adverse effect on the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

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- (4) make, will or likely to make it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering, to market the Global Offering or the delivery of H Shares on the Listing Date; or
 - (5) has or will or likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of any the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers or the Hong Kong Underwriters:
- (i) any statement contained in any of the Prospectus, the Application Forms and the Offering Documents (as defined in the Hong Kong Underwriting Agreement), and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading in any respect; or
 - (ii) that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or
 - (iii) any matter which would, if the Offering Documents (as defined in the Hong Kong Underwriting Agreement), any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) were issued at that time, constitute a material omission therefrom; or
 - (iv) any material breach of, or any event rendering untrue or incorrect in any respect, any of the warranties given by the Company and China Vanke in the Hong Kong Underwriting Agreement; or

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- (v) any material breach of any of the obligations of any party (other than the Joint Sponsors, the Joint Representatives, Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers or the Hong Kong Underwriters) to the Hong Kong Underwriting Agreement, the Cornerstone Investment Agreements or the International Underwriting Agreement; or
- (vi) any material adverse change, or any development or any prospective material adverse change or development, in the condition (financial or otherwise) or in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or
- (vii) the Company withdraws the Prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (viii) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares is refused or not granted, other than subject to customary conditions, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (ix) any prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (x) any expert (other than the Joint Sponsors) whose consent is required for the issue of the Prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears, has withdrawn or sought to withdraw its consent to being named in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or
- (xi) that a material portion of the orders placed or confirmed in the bookbuilding process or investment commitments made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

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UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Global Offering, the Over-allotment Option, conversion of unlisted domestic shares into H shares or any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to each of the Stock Exchange and our Company that, except pursuant to the Global Offering and the Over-allotment Option, it shall not, and shall procure that the registered holders of the Shares controlled by it (if applicable) shall not:

- (a) in the period commencing on the date by reference (the “Reference Date”) to which disclosure of its shareholding is made in this Prospectus and ending on the date (the “End Date”) which is six months from the Listing Date, dispose of or otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or charge or security in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in respect of, any of those securities of the Company in respect of which is shown in the Prospectus to be the beneficial owner (the “Relevant Securities”); and
- (b) in the period of six months commencing from the End Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or charge or security in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in respect of the Relevant Securities, if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that it would cease to be our Controlling Shareholder,

Each of our Controlling Shareholders has further undertaken to the Stock Exchange and to our Company respectively that, within the period commencing on the Reference Date and ending on the date which is 12 months from the Listing Date, it shall:

- (1) when it pledge or charge any Shares or securities of the Company beneficially owned in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company in writing of such pledge or charge together with the number of securities so pledged or charged; and

UNDERWRITING

- (2) when it receives indications, either verbal or written, from the pledgee or that any of the pledged or charged Shares or securities of the Company will be disposed of, immediately inform the Company in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders and make a public disclosure in relation to such information by way of an announcement in accordance with the Listing Rules.

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertaking by Our Company

Except for the offer of the Offer Shares pursuant to the Global Offering including pursuant to the Over-allotment Option and otherwise pursuant to the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), the Company hereby undertakes to each of the Joint Representatives, Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Manager, the Hong Kong Underwriters and the Joint Sponsors not to, without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of the Company, as applicable), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Share); or

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- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to, effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six Month Period).

The Company further agrees that, in the event the Company is allowed to enter into any of the transactions described in paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the “**Second Six Month Period**”), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market (having the meanings ascribed thereto under Practice Note 11) for any Shares or other securities of the Company.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Joint Representatives and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions set out therein, will agree severally to purchase, or procure subscribers or purchasers for, the International Offer Shares being offered pursuant to the International Offering. Please refer to the paragraph headed “Structure of the Global Offering — The International Offering” in this Prospectus.

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives for themselves and on behalf of the International Underwriters, on or before Saturday, October 22, 2022, being the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require us to issue and allot, up to an aggregate of 17,507,000 H Shares, representing in aggregate approximately 15% of Offer Shares initially available under the Global Offering at the Offer Price to cover over-allocations, if any, in the International Offering. Please refer to the paragraph headed “Structure of the Global Offering — Over-allotment Option” in this Prospectus.

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COMMISSION AND EXPENSES

Our Company will pay an underwriting commission equal to 0.75% of the aggregate Offer Price of all the Offer Shares, including Offer Shares to be issued pursuant to the Over-allotment Option. Our Company may, at our sole and absolute discretion, pay to one or more Underwriters an incentive fee up to 1.0% of the Offer Price of all the Offer Shares (including Offer Shares to be issued pursuant to the Over-allotment Option). For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

The aggregate commissions and fees, together with the Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fee, FRC transaction levy, brokerage fee, legal and other professional fees, printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$168.9 million in total (based on the Offer Price of HK\$49.9 per Offer Share which is the mid-point of the Offer Price range and assuming the Over-allotment Option is not exercised).

HONG KONG UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for the obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters has any shareholding in any member of our Group or any right or option (whether legally enforceable or not) to purchase or subscribe for or to nominate persons to purchase or subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

JOINT SPONSORS' INDEPENDENCE

Each of the Joint Sponsors satisfies the independence criteria set out in Rule 3A.07 of the Hong Kong Listing Rules.

UNDERWRITING

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group’s loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the relevant rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

UNDERWRITING

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering” in this Prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares) whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CLSA Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C. are the Joint Representatives of the Global Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this Prospectus.

The Global Offering consists of:

- (i) the Hong Kong Public Offering of initially 11,671,400 H Shares (subject to reallocation as mentioned below) in Hong Kong as described in the paragraph headed “The Hong Kong Public Offering” in this section; and
- (ii) the International Offering of initially 105,042,600 H Shares (subject to reallocation and Over-allotment Option as mentioned below) in the United States to QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, and outside the United States in offshore transactions in reliance on Regulation S.

Of the 105,042,600 Offer Shares initially being offered under the International Offering, 11,671,400 Offer Shares (representing approximately 11.1% and 10% of the Offer Shares initially being offered under the International Offering and the Global Offering, respectively) will be offered to Qualifying China Vanke H Shareholders as an Assured Entitlement as described below in the paragraph headed “The Preferential Offering” in this section.

The Offer Shares will represent approximately 10.00% of the total issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 11.33% of the total issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed “The International Offering — Over-allotment Option” in this section.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest, if qualified to do so, for International Offer Shares under the International Offering,

but may not do both (except that Qualifying China Vanke H Shareholders who are eligible to apply for the Reserved Shares in the Preferential Offering may also either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering, if eligible; or (ii) indicate an interest for International Offer Shares under the International Offering, if qualified to do so).

STRUCTURE OF THE GLOBAL OFFERING

References in this Prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering and the Preferential Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to QIBs in the United States in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, as well as to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the International Offer Shares. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

The number of Hong Kong Offer Shares and International Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the paragraph headed "The Hong Kong Public Offering — Reallocation and Clawback" in this section.

THE HONG KONG PUBLIC OFFERING

Number of H Shares Initially Offered

Subject to reallocation as mentioned below, the Company is initially offering 11,671,400 H Shares at the Offer Price under the Hong Kong Public Offering for subscription by the public in Hong Kong, representing 10.0% of the 116,714,000 H Shares initially available under the Global Offering. Subject to reallocation as mentioned below, the number of H Shares initially offered under the Hong Kong Public Offering will represent approximately 1.0% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

In Hong Kong, individual retail investors are expected to apply for the Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking International Offer Shares will not be allotted International Offer Shares in the International Offering.

The Joint Representatives (on behalf of the Underwriters) and the Joint Sponsors may require any investor who has been offered H Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives and the Joint Sponsors so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for the Hong Kong Offer Shares.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the paragraph headed "Conditions of the Global Offering" in this section.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

For allocation purposes only, the 11,671,400 H Shares initially being offered for subscription under the Hong Kong Public Offering (after taking into account any reallocation in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering) will be divided equally (to the nearest board lot) into two pools: Pool A comprising 5,835,700 Hong Kong Offer Shares and Pool B comprising 5,835,700 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for the Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for the Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If the Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and only apply for Hong Kong Offer Shares in either Pool A or Pool B. When there is over-subscription, allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering, both in relation to Pool A and Pool B, will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation in each pool may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Reallocation and Clawback

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

If the International Offering is fully subscribed or oversubscribed and the number of H Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 35,014,200 (in the case of (i)), 46,685,600 (in the case of (ii)), and 58,357,000 Shares (in the case of (iii)), respectively, representing 30%, 40%, and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option).

STRUCTURE OF THE GLOBAL OFFERING

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate.

In addition to any mandatory reallocation as described above, the Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Representatives. The Joint Representatives may, at their sole discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or over-subscribed irrespective of the number of times; or (ii) the International Offering is fully subscribed or over-subscribed and the Hong Kong Public Offering is fully subscribed or over-subscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Joint Representatives have the authority to reallocate International Offer Shares originally in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, (i) the number of International Offer Shares reallocated to the Hong Kong Public Offering should not exceed 11,671,400 Shares, representing 10% of the Offer Shares initially available under the Global Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 23,342,800 Shares; and (ii) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e., HK\$47.1 per Offer Share).

If the Hong Kong Public Offering is not fully subscribed for, the Joint Representatives have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

The Reserved Shares which are offered under the Preferential Offering to Qualifying China Vanke H Shareholders out of the Offer Shares being offered under the International Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering expected to be published on Wednesday, September 28, 2022.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

STRUCTURE OF THE GLOBAL OFFERING

Multiple or suspected multiple applications and any application for more than 50% of the 11,671,400 H Shares initially comprised in the Hong Kong Public Offering (that is 5,835,700 Hong Kong Offer Shares) will be rejected.

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$52.7 per H Share in addition to any brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed “Pricing of the Global Offering” in this section, is less than the maximum Offer Price of HK\$52.7 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy attributable to the surplus application monies) will be made to successful applications, without interest. Further details are set out in the section headed “How to Apply for Hong Kong Offer Shares and Reserved Shares” in this Prospectus.

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable China Vanke H Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares on the Main Board of the Stock Exchange and the Global Offering becoming unconditional, Qualifying China Vanke H Shareholders are being invited to apply for the Reserved Shares in the Preferential Offering as Assured Entitlement (representing no more than 10% of the Offer Shares initially being offered under the Global Offering). The Reserved Shares are being offered out of the International Offer Shares under the International Offering and are not subject to reallocation as described in “— The Hong Kong Public Offering — Reallocation and Clawback” above. In the event the Over-allotment Option is exercised, the number of Reserved Shares will not change.

The basis of the Assured Entitlement is one Reserved Share for every integral multiple of 164 China Vanke H Shares held by Qualifying China Vanke H Shareholders as at 4:30 p.m. on the Record Date

Qualifying China Vanke H Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 100 H Shares. Further, the Reserved Shares allocated to the Qualifying China Vanke H Shareholders will be rounded down to the nearest whole number if required. No odd lot matching services will be provided and dealings in odd lots of the H Shares may be at a price below the prevailing market price for full board lots.

STRUCTURE OF THE GLOBAL OFFERING

Assured Entitlement of Qualifying China Vanke H Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange

Qualifying China Vanke H Shareholders who hold less than 164 China Vanke H Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares as further described below.

Basis of Allocation for Applications for Reserved Shares

Qualifying China Vanke H Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

Where a Qualifying China Vanke H Shareholder applies for Reserved Shares, the Assured Entitlement portion under such application will be satisfied in full (subject to the terms and conditions set out in the **BLUE** Application Form and this Prospectus and assuming the conditions of the Preferential Offering are satisfied), but the excess portion under such application will only be satisfied to the extent that there are sufficient Available Reserved Shares (as defined below).

Where a Qualifying China Vanke H Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying China Vanke H Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement or who intend to apply for excess Reserved Shares, should apply for a number which is one of the numbers set out in the payment table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount. If the number of Reserved Shares applied for is not one of the numbers set forth in the payment table, you must calculate the correct amount payable on application by using the special formula set forth in the **BLUE** Application Form.

STRUCTURE OF THE GLOBAL OFFERING

To the extent that the excess applications for the Reserved Shares are:

- (a) less than the Reserved Shares not taken up by the Qualifying China Vanke H Shareholders' Assured Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Representatives, to the International Offering;
- (b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or
- (c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on an allocation basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares.

If there are any H Shares remaining after satisfying the excess applications, such H Shares will be reallocated, at the discretion of the Joint Representatives, to the International Offering. No preference will be given to any excess application made to top up odd lot holdings to whole lot holdings of H Shares. Nominee companies according to the register of members of China Vanke are regarded as single China Vanke H Shareholder for the purpose of this application.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering. Beneficial China Vanke H Shareholders (not being Non-Qualifying China Vanke H Shareholders) whose China Vanke H Shares are held by a nominee company should note that the Company will regard the nominee company as a single China Vanke H Shareholder according to the register of members of China Vanke. Accordingly, such Beneficial China Vanke H Shareholders whose China Vanke H Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Beneficial China Vanke H Shareholders (not being Non-Qualifying China Vanke H Shareholders) whose China Vanke H Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to applications for Reserved Shares under the Preferential Offering. Any such person is advised to consider whether it wishes to arrange for the registration of the relevant China Vanke H Shares in the name of the beneficial owner prior to the Record Date.

Applications by Qualifying China Vanke H Shareholders for the Hong Kong Offer Shares

In addition to any application for Reserved Shares made on the **BLUE** Application Form, Qualifying China Vanke H Shareholders will be entitled to make one application for Hong Kong Offer Shares by applying through the **CCASS EIPO** service or by applying through the **HK eIPO White Form** service. Qualifying China Vanke H Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares by applying through the **CCASS EIPO** service or through the **HK eIPO White Form** service under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Qualifying China Vanke H Shareholders and Non-Qualifying China Vanke H Shareholders

Only China Vanke H Shareholders whose names appeared on the register of members of China Vanke at 4:30 p.m. on the Record Date and who are not Non-Qualifying China Vanke H Shareholders, are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying China Vanke H Shareholders are those China Vanke H Shareholders with registered addresses in, or who are otherwise known by China Vanke to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of China Vanke and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant China Vanke H Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of China Vanke and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the China Vanke H Shareholders in the Specified Territories. Having considered the circumstances, the directors of China Vanke and the Company have formed the view that it is necessary or expedient to restrict the ability of China Vanke H Shareholders in the Specified Territories to take up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this Prospectus and/or approval required by the relevant authorities in such territory and/or additional steps which the Company and the China Vanke H Shareholders would need to take to comply with the local legal, regulatory and/or other requirements in such territory.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying China Vanke H Shareholders are:

- (a) China Vanke H Shareholders whose names appeared in the register of members of China Vanke on the Record Date and whose addresses as shown in such register are in the Specified Territories; and
- (b) China Vanke H Shareholders on the Record Date who are otherwise known by China Vanke to be resident in the Specified Territories.

Notwithstanding any other provision in this Prospectus or the **BLUE** Application Forms, the Company reserves the right to permit any China Vanke H Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

STRUCTURE OF THE GLOBAL OFFERING

Beneficial China Vanke H Shareholders who hold China Vanke H Shares through the Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect

Pursuant to Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Program and other relevant laws and regulations, the China Securities Depository and Clearing Corporation (CSDC) does not provide services relating to the subscription of newly issued shares. Accordingly, (a) Beneficial China Vanke H Shareholders who hold China Vanke H Shares through the Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect; and (b) investors who, after China Vanke's arrangement pursuant to the change of listing location of China Vanke's B shares for listing on the Main Board of the Stock Exchange by introduction in June 2014, as the holders of original B shares of China Vanke, continue to trade H shares of China Vanke converted from the B shares of China Vanke through domestic securities companies' trading system ("B to H Conversion Investors") cannot participate in the Preferential Offering and will not be able to take up their respective Assured Entitlement to the Reserved Shares under the Preferential Offering through the trading mechanism of the Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect.

Distribution of this Prospectus and the BLUE Application Forms

A BLUE Application Form has been despatched to each Qualifying China Vanke H Shareholder. In addition, Qualifying China Vanke H Shareholders will receive a copy of this Prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under China Vanke's corporate communications policy. For further details, see "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this Prospectus.

Application Procedures

The procedures for application under and the terms and conditions of the Preferential Offering are set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this Prospectus and on the BLUE Application Forms.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Offered

The number of International Offer Shares to be initially offered by us for subscription under the International Offering will consist of an initial offering of 105,042,600 Offer Shares, representing 90% of the Offer Shares under the Global Offering. Subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent approximately 9.0% of our total issued share capital immediately after completion of the Global Offering assuming that the Over-allotment Option is not exercised.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

Pursuant to the International Offering, the International Underwriters will conditionally place the International Offer Shares with QIBs in the United States in reliance on Rule 144A or another available exemption from the registration requirements under the U.S. Securities Act, as well as with institutional and professional investors and other investors and expected to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of the International Offer Shares pursuant to the International Offering will be determined by the Joint Representatives and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Offer Shares after the Listing. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Representatives (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation and Clawback

The total number of International Offer Shares to be transferred pursuant to the International Offering may change as a result of the clawback arrangement described in the paragraph headed “— The Hong Kong Public Offering — Reallocation and Clawback” in this section, exercise of the Over-allotment Option in whole or in part and/or reallocation of all or any unsubscribed Hong Kong Offer Shares to the International Offering.

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives at their sole and absolute discretion for themselves and on behalf of the International Underwriters for up to 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, the Joint Representatives will have the right to require our Company to issue and allot, at the Offer Price, up to an aggregate of additional 17,507,000 H Shares representing in aggregate approximately 15% of the number of the Offer Shares initially available under the Global Offering at the Offer Price to cover over-allocations in the International Offering, if any. An announcement will be made in the event that the Over-allotment Option is exercised.

STRUCTURE OF THE GLOBAL OFFERING

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 1.5% of the issued share capital of the Company immediately after the completion of the Global Offering.

Stabilization

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, an activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of H Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of H Shares that may be over-allocated will not exceed the number of H Shares that may be issued and/or sold under the Over-allotment Option, namely 17,507,000 H Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

Stabilizing actions will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. Stabilization actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) under SFO include: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the H Shares; (ii) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

STRUCTURE OF THE GLOBAL OFFERING

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (i) the Stabilizing Manager, or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the H Shares;
- (ii) there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, or any person acting for it, will maintain such a position;
- (iii) liquidation of any such long position by the Stabilizing Manager may have an adverse impact on the market price of the H Shares;
- (iv) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- (v) the price of the H Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by the taking of any stabilizing action; and
- (vi) stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 17,507,000 H Shares, representing up to 15% of the initial Offer Shares, through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be fully paid on the Listing Date, and before the commencement of dealings accordingly there will be no delayed settlement of the Offer Shares.

Our Company will procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Over-allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager may cover such over-allocations by exercising the Over-allotment Option, making purchases in the secondary market at prices that do not exceed the Offer Price or by any combination of these means.

STRUCTURE OF THE GLOBAL OFFERING

PRICING OF THE GLOBAL OFFERING

The Offer Price is expected to be fixed by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Thursday, September 22, 2022 and in no event later than Wednesday, September 28, 2022.

The Offer Price will be not more than HK\$52.7 per Offer Share and is currently expected not to be less than HK\$47.1 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$52.7 for each Hong Kong Offer Share together with brokerage of 1%, a Stock Exchange trading fee of 0.005%, an SFC transaction levy of 0.0027% and an FRC transaction levy of 0.00015%. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative price range stated in this Prospectus.**

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Representatives (for themselves and on behalf of the Underwriters) and the Joint Sponsors consider it appropriate, with our consent the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this Prospectus may be reduced at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of Thursday, September 22, 2022, being the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the Stock Exchange’s website at www.hkexnews.hk, and on our Company’s website at <https://www.onewo.com/> notice of such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics as currently set out in this Prospectus and any other financial information which may change as a result of such reduction. Upon issue of such notice, the number of Offer Shares in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon between the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range.

STRUCTURE OF THE GLOBAL OFFERING

As soon as practicable after such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change, and, where appropriate, extend the period under which the Hong Kong Public Offering is open for acceptance, and give potential investors who had applied for the Offer Shares to withdraw their applications.

In the absence of any such notice and supplemental prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Joint Representatives (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this Prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the Offer Price is so reduced, such applications can subsequently be withdrawn. All applicants who have already submitted an application will be entitled to withdraw their applications and will need to confirm their applications in accordance with the procedures set out in the supplemental prospectus. All unconfirmed applications will not be valid.

The Hong Kong Offer Shares and the International Offer Shares may, in certain circumstances, be reallocated as between the Hong Kong Public Offering and International Offering at the discretion of the Joint Representatives and the Joint Sponsors.

The final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, the basis of allocations of the Hong Kong Offer Shares and the results of applications in the Hong Kong Public Offering are expected to be announced on Wednesday, September 28, 2022 through a variety of channels described in the paragraph headed “How to Apply for Hong Kong Offer Shares and Reserved Shares — Publication of Results” in this Prospectus.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Joint Representatives (for themselves and on behalf of the Underwriters) and us on the Price Determination Date.

We expect that our Company will, on the Price Determination Date, enter into the International Underwriting Agreement relating to the International Offering. Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting” in this Prospectus.

STRUCTURE OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, inter alia:

- the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- the Offer Price having been agreed between the Joint Representatives (on behalf of the Underwriters) and the Company;
- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date;
- our Company having submitted to the HKSCC all requisite documents to enable the Offer Shares to be admitted to trade on the Stock Exchange; and
- the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional (unless and to the extent such conditions are validly waived on or before such dates and times) and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this Prospectus.

If for any reason, the Offer Price is not agreed by Wednesday, September 28, 2022 between us and the Joint Representatives (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published by us on the websites of the Company at <https://www.onewo.com/>, and the Stock Exchange at www.hkexnews.hk, respectively on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares and Reserved Shares” in this Prospectus. In the meantime, the application monies will be held in separate bank account(s) with the Company’s receiving banker(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

STRUCTURE OF THE GLOBAL OFFERING

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with its terms.

H Share certificates for the Offer Shares are expected to be issued on Wednesday, September 28, 2022 but will only become valid evidence of title at 8:00 a.m. on the date of commencement of the dealings in our H Shares, which is expected to be on Thursday, September 29, 2022, provided that (i) the Global Offering has become unconditional in all respects at or before that time and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade H Shares prior to the receipt of H Share certificates or prior to the H Share certificates bearing valid evidence of title do so entirely at their own risk.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, September 29, 2022, it is expected that dealings in H Shares on the Stock Exchange will commence on Thursday, September 29, 2022. H Shares will be traded in board lots of 100 H Shares and the stock code will be 2602.

**IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS**

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this Prospectus or any printed copies of any application forms for use by the public.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at <https://www.onewo.com/>. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. How To Apply

We will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

- (1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or at www.hkeipo.hk; or
- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (i) instructing your **broker or custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- (ii) (if you are an existing CCASS Investor Participant) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Representatives, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. Who Can Apply

Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- are outside the United States; and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members’ names.

The number of joint applicants may not exceed four.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering (except in respect of Reserved Shares applied for pursuant to the Preferential Offering).

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **HK eIPO White Form** service, you must:

- (a) have a valid Hong Kong identity card number/passport number (for individual applicant) or Hong Kong business registration number/certificate of incorporation number (for body corporate applicant);
- (b) have a Hong Kong address; and
- (c) provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. Terms and Conditions of an Application

By applying through the application channels specified in this Prospectus, you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this Prospectus and agree to be bound by them;
- (iv) confirm that you have received and read this Prospectus and have only relied on the information and representations contained in this Prospectus in making your application and will not rely on any other information or representations except those in any supplement to this Prospectus;

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- (v) confirm that you are aware of the restrictions on the Global Offering in this Prospectus;
- (vi) agree that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this Prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering (except in respect of Reserved Shares pursuant to the Preferential Offering);
- (viii) agree to disclose to the Company, our H Share Registrar, receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Representatives, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this Prospectus;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

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- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any H Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "H. Despatch/Collection of H Share Certificates and Refund Monies — Personal Collection" in this Prospectus to collect the H Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company, the Joint Representatives and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider (except in respect of application for Reserved Shares pursuant to the Preferential Offering); and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each applicant and CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

4. Minimum Application Amount and Permitted Numbers

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK\$		HK\$		HK\$		HK\$
100	5,323.11	3,500	186,308.98	70,000	3,726,179.58	3,000,000	159,693,410.85
200	10,646.23	4,000	212,924.55	80,000	4,258,490.95	4,000,000	212,924,547.80
300	15,969.34	4,500	239,540.12	90,000	4,790,802.32	5,000,000	266,155,684.75
400	21,292.45	5,000	266,155.69	100,000	5,323,113.70	5,835,700 ⁽¹⁾	310,640,945.90
500	26,615.57	6,000	319,386.82	200,000	10,646,227.39		
600	31,938.68	7,000	372,617.96	300,000	15,969,341.09		
700	37,261.80	8,000	425,849.09	400,000	21,292,454.78		
800	42,584.91	9,000	479,080.24	500,000	26,615,568.48		
900	47,908.02	10,000	532,311.37	600,000	31,938,682.17		
1,000	53,231.14	20,000	1,064,622.74	700,000	37,261,795.87		
1,500	79,846.70	30,000	1,596,934.11	800,000	42,584,909.56		
2,000	106,462.28	40,000	2,129,245.48	900,000	47,908,023.26		
2,500	133,077.85	50,000	2,661,556.85	1,000,000	53,231,136.95		
3,000	159,693.42	60,000	3,193,868.21	2,000,000	106,462,273.90		

Note:

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

5. Applying Through the HK eIPO White Form Service

General

Applicants who meet the criteria in the paragraph headed “— A. Applications for Hong Kong Offer Shares — 2. Who can apply” in this section may apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the **IPO App** or the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are in the **IPO App** or on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the **IPO App** or the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application to the **HK eIPO White Form Service Provider** in the **IPO App** or at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, September 19, 2022 until 11:30 a.m. on Thursday, September 22, 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, September 22, 2022 or such later time under the paragraph headed “— D. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” in this section.

6. Applying Through The CCASS EIPO Service

General

You may instruct your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong if you complete an input request.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators and our H Share Registrar.

Applying through the CCASS EIPO service

Where you have applied through the **CCASS EIPO** service (either indirectly through a **broker** or **custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this Prospectus;

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- (ii) HKSCC Nominees will do the following things on your behalf:
- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering (except in respect of Reserved Shares applied for pursuant to the Preferential Offering);
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
 - confirm that you understand that the Company, the Directors, the Joint Representatives and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allotted to you and to send H Share certificate(s) and/or refund monies under the arrangements separately agreed between the Company and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this Prospectus and agree to be bound by them;
 - confirm that you have received and/or read a copy of this Prospectus and have relied only on the information and representations in this Prospectus in causing the application to be made, save as set out in any supplement to this Prospectus;

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- agree that none of the Company, the Joint Representatives, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this Prospectus (and any supplement to this Prospectus);
- agree to disclose your personal data to the Company, our H Share Registrar, receiving banks, the Joint Representatives, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this Prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

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- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

- agree with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each Shareholder and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):
 - (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;

 - (b) that any award made in such arbitration shall be final and conclusive; and

 - (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H Shares in the Company are freely transferable by their holders;

- authorize the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his/her obligations to shareholders stipulated in the Articles of Association of the Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

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Effect of Applying through the CCASS EIPO Service

By applying through the **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this Prospectus.

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Monday, September 19, 2022 — 9:00 a.m. to 8:30 p.m.
- Tuesday, September 20, 2022 — 8:00 a.m. to 8:30 p.m.
- Wednesday, September 21, 2022 — 8:00 a.m. to 8:30 p.m.
- Thursday, September 22, 2022 — 8:00 a.m. to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, September 19, 2022 until 12:00 noon on Thursday, September 22, 2022 (24 hours daily, except on the last application day).

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The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, September 22, 2022, the last application day or such later time as described in the paragraph headed “— D. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” in this section.

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the H Share Registrar, the receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through the **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the H Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

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Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check, where applicable, verification of compliance with the terms and application procedures set out in this Prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the Company's register of members;
- verifying identities of the holders of the Company's Shares;
- establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Company's Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to holders of the Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by the Company and its H Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;

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- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

The Company and its H Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this Prospectus or as notified from time to time, for the attention of the secretary, or the Company's H Share Registrar for the attention of the privacy compliance officer.

7. Warning for Electronic Applications

The application for the Hong Kong Offer Shares by the **CCASS eIPO** service (directly or indirectly through your broker or custodian) is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

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To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System or the CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, September 22, 2022, the last application day, or such time as described in the paragraph headed “— D. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” in this section.

8. How Many Applications You Can Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee and apply through the **HK eIPO White Form** service, in the box marked “For Nominees”, you must include an account number or some other identification code for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner when you fill in the application details. If you do not include this information, the application will be treated as being made for your own benefit.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf. If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document numbers and reference numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“Best Practice Note”) issued by the Federation of Share Registrars Limited.

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With regard to the announcement of results of allocations under the section headed “Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS”, the list of identification document number(s) may not be a complete list of successful applicants, only successful applicants whose identification document numbers are provided to HKSCC by CCASS Participants are disclosed. Applicants who applied for the Offer Shares through their brokers can consult their brokers to enquire about their application results.

Since applications are subject to personal information collection statements, beneficial owner identification codes displayed are redacted. Applicants with beneficial names only but not identification document numbers are not disclosed due to personal privacy issue.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. APPLICATIONS FOR RESERVED SHARES

1. Who Can Apply

Only China Vanke H Shareholders whose names appeared on the register of members of China Vanke on the Record Date and who are not Non-Qualifying China Vanke H Shareholders are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying China Vanke H Shareholders are those China Vanke H Shareholders with registered addresses in, or who are otherwise known by China Vanke to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of China Vanke and the Company, based on the enquiries made by them, consider it necessary or

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

expedient to exclude them from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant China Vanke H Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of China Vanke and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the China Vanke H Shareholders in the Specified Territories. Having considered the circumstances, the directors of China Vanke and the Company have formed the view that it is necessary or expedient to restrict the ability of China Vanke H Shareholders in the Specified Territories to take up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this Prospectus and/or approval required by the relevant authorities in such territory and/or additional steps which the Company and the China Vanke H Shareholders would need to take to comply with the local legal, regulatory and/or other requirements in such territory.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying China Vanke H Shareholders are:

- (a) China Vanke H Shareholders whose names appeared in the register of members of China Vanke on the Record Date and whose addresses as shown in such register are in the Specified Territories; and
- (b) China Vanke H Shareholders on the Record Date who are otherwise known by China Vanke to be resident in the Specified Territories.

Notwithstanding any other provision in this Prospectus or the **BLUE** Application Forms, the Company reserves the right to permit any China Vanke H Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

With respect to the Specified Territories, China Vanke has sent a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that in light of applicable laws and regulations of the Specified Territories, to the extent they hold any China Vanke H Shares on behalf of the Non-Qualifying China Vanke H Shareholders, they are excluded from participating in the Preferential Offering.

Qualifying China Vanke H Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every integral multiple of 164 China Vanke H Shares held by them on the Record Date.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

Qualifying China Vanke H Shareholders who hold less than 164 China Vanke H Shares on the Record Date will not have an Assured Entitlement to the Reserved Shares, but they will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

If the applicant is a firm, the application must be in the individual members' names, but not in the name of the firm. If the applicant is a body corporate, the **BLUE** Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with the corporation's chop.

If an application is made by a duly authorized person under a valid power of attorney, the Company and the Joint Representatives, as the Company's agents, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority. The Company and the Joint Representatives, as the Company's agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

You cannot apply for any Reserved Shares if you:

- are an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- are a Director or chief executive of the Company and/or any of the Company's subsidiaries (other than a Director and/or his associates who are Qualifying China Vanke H Shareholders who may apply for Reserved Shares pursuant to the Preferential Offering);
- are a close associate of any of the above persons; or
- are a Non-Qualifying China Vanke H Shareholder.

2. How To Apply

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying China Vanke H Shareholders using **BLUE** Application Forms which have been despatched to Qualifying China Vanke H Shareholders by the Company.

Qualifying China Vanke H Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering. Qualifying China Vanke H Shareholders who hold less than 164 China Vanke H Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares but will still be entitled to participate in the Preferential Offering by applying only for excess Reserved Shares.

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Where a Qualifying China Vanke H Shareholder applies for Reserved Shares, the Assured Entitlement portion under such application will be satisfied in full (subject to the terms and conditions set out in the **BLUE** Application Form and this Prospectus and assuming the conditions of the Preferential Offering are satisfied), but the excess portion under such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Where a Qualifying China Vanke H Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying China Vanke H Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement or who intend to apply for excess Reserved Shares, should apply for a number which is one of the numbers set out in the payment table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount. If the number of Reserved Shares applied for is not one of the numbers set forth in the payment table, you must calculate the correct amount payable on application by using the special formula set forth in the **BLUE** Application Form.

To the extent that excess applications for the Reserved Shares are:

- (a) less than the Available Reserved Shares, the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Representatives, to the International Offering;
- (b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or
- (c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on an allocation basis which will be consistent with the allocation basis commonly used in the case of over-subscription in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares.

If there are any H Shares remaining after satisfying the excess applications, such H Shares will be reallocated, at the discretion of the Joint Representatives, to the International Offering. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of H Shares. Nominee companies according to the register of members of China Vanke are regarded as single China Vanke H Shareholder for the purpose of this application.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

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Qualifying China Vanke H Shareholders who have applied for Reserved Shares under the Preferential Offering on the **BLUE** Application Form may also make one application through the **CCASS EIPO** service or through the **HK eIPO White Form** service for the Hong Kong Offer Shares in the Hong Kong Public Offering. However, Qualifying China Vanke H Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made through the **CCASS EIPO** service or through the **HK eIPO White Form** service under the Hong Kong Public Offering.

Persons who held their China Vanke H Shares on the Record Date in CCASS indirectly through a broker/custodian, and wish to participate in the Preferential Offering, should instruct their broker or custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their China Vanke H Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instruction to HKSCC via the CCASS Phone System or CCASS Internet System by no later than the deadline set by HKSCC or HKSCC Nominees.

3. Distribution of this Prospectus and the Blue Application Forms

The **BLUE** Application Forms have been despatched to all Qualifying China Vanke H Shareholders to their address recorded on the register of members of China Vanke on the Record Date.

In addition, Qualifying China Vanke H Shareholders will receive a copy of this Prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under China Vanke's corporate communications policy.

If a Qualifying China Vanke H Shareholder has elected to receive corporate communications from China Vanke in printed form under China Vanke's corporate communications policy or has not been asked to elect the means of receiving China Vanke's corporate communications, a printed copy of this Prospectus in the elected language version(s) (if applicable) will be despatched to such Qualifying China Vanke H Shareholder. If a Qualifying China Vanke H Shareholder (a) has elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from China Vanke, an electronic version of this Prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at <https://www.onewo.com/> and the Stock Exchange at www.hkexnews.hk under the section headed "*HKEXnews > Listed Company Information > Latest Listed Company Information.*"

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

A Qualifying China Vanke H Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this Prospectus may at any time request for a printed copy of this Prospectus, free of charge, by sending a request in writing to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email to Computershare Hong Kong Investor Services Limited at chinavanke.ecom@computershare.com.hk. Computershare Hong Kong Investor Services Limited will promptly, upon request, send by ordinary post a printed copy of this Prospectus to such Qualifying China Vanke H Shareholder, free of charge, although such Qualifying China Vanke H Shareholder may not receive that printed copy of this Prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Qualifying China Vanke H Shareholders who require a replacement **BLUE** Application Form should contact **Tricor Investor Services Limited** at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or on its hotline +852 2980 1333.

Distribution of this Prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this Prospectus should not be distributed, forwarded or transmitted in, into or from any of the Specified Territories with or without the **BLUE** Application Forms, except to Qualifying China Vanke H Shareholders as specified in this Prospectus.

Receipt of this Prospectus and/or the **BLUE** Application Forms does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or the **BLUE** Application Forms must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or the **BLUE** Application Forms should not, in connection with the Preferential Offering, distribute or send the same in, into or from, any of the Specified Territories. If the **BLUE** Application Form is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not apply for any Reserved Shares unless the directors of China Vanke and the Company determine that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this Prospectus and/or the **BLUE** Application Form(s) in, into or from any of the Specified Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

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4. Applying By Using Blue Application Forms

- (a) You may choose one of the four options on the **BLUE** Application Form when applying for Reserved Shares:
- (i) Option 1: apply for a number of Reserved Shares that is equal to your Assured Entitlement.
 - (ii) Option 2: apply for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares.
 - (iii) Option 3: apply for a number of Reserved Shares that is less than your Assured Entitlement.
 - (iv) Option 4: Apply for a number of excess Reserved Shares only (e.g. if you hold less than 164 China Vanke H Shares on the Record Date and therefore do not have an Assured Entitlement but are still entitled to participate in the Preferential Offering by applying for excess Reserved Shares).
- (b) The **BLUE** Application Form will be rejected by the Company if:
- the **BLUE** Application Form is not completed in accordance with the instructions as stated in the **BLUE** Application Form;
 - the **BLUE** Application Form has not been duly signed (only written signatures are acceptable) (or in the case of a joint application, not all applicants have signed);
 - in respect of applicants who are corporate entities, the **BLUE** Application Form has not been duly signed (only written signature is acceptable) by an authorized officer or affixed with a company chop;
 - the check/banker's cashier order/**BLUE** Application Form is defective;
 - the **BLUE** Application Form for either Reserved Shares pursuant to the Assured Entitlement or excess Reserved Shares is not accompanied with a check/banker's cashier order or is accompanied by more than one check/banker's cashier order for the application for Assured Entitlement and excess application for Reserved Shares;
 - the account name on the check/banker's cashier order is not pre-printed or certified by the issuing bank;

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- the banker's cashier order was not issued by a licensed bank in Hong Kong, or did not have the applicant's name certified on the back by a person authorized by the bank;
- the check/banker's cashier order is not drawn on a Hong Kong dollar bank account in Hong Kong;
- the name of the payee indicated on the check/banker's cashier order is not "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – ONEWO PREFERENTIAL OFFER";
- the check has not been crossed "Account Payee Only";
- the check was post-dated;
- the applicant's payment is not made correctly or, if the applicant pays by check or banker's cashier order, the check or banker's cashier order is dishonored on its first presentation;
- the applicant's name/the first applicant's name on the joint application is not the same as the name pre-printed or certified/endorsed by the drawee bank on the check/banker's cashier order;
- any alteration(s) to the application details on the **BLUE** Application Form has or have not been authorized by the signature(s) of the applicant(s);
- the application is completed by pencil;
- the applicant does not fill in all the boxes in the option he/she/it chooses;
- the applicant chooses more than one of the options on the **BLUE** Application Form;
- the Company believes that by accepting the application, the Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction where the **BLUE** Application Form is received or where the applicant's address is located; or
- the Company and the Joint Representatives, and their respective agents or nominees, exercise their discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

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- (c) If you are applying for a number of Reserved Shares which is equal to your Assured Entitlement (**Option 1**):
- Your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with and is less than the amount payable in Box B set forth in the **BLUE** Application Form.
- (d) If you are applying for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares (**Option 2**):
- Your application will be rejected if the amount on the cheque/banker's cashier order does not match and is less than the amount payable in relation to your Assured Entitlement applied for in your **BLUE** Application Form.
 - Your application for your Assured Entitlement (if any) will be accepted in full but your application for excess Reserved Shares will be rejected if the amount on the cheque/banker's cashier order does not match and is more than the amount payable in relation to your Assured Entitlement applied for but is less than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.
 - Your application will be accepted in full if the amount on the cheque/banker's cashier order does not match and is more than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.
- (e) If you are applying for a number of Reserved Shares which is less than your Assured Entitlement (**Option 3**):
- You are recommended to apply for Reserved Shares in one of the numbers set forth in the payment table in the **BLUE** Application Form. When the number of Reserved Shares applied for is in one of the numbers set forth in the payment table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with and is less than the corresponding amount payable as set forth in the payment table in the **BLUE** Application Form.
 - When the number of Reserved Shares applied for is not in one of the numbers set forth in the payment table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with and is less than the amount payable calculated by using the special formula set forth in the **BLUE** Application Form.

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(f) If you are applying for a number of excess Reserved Shares only (**Option 4**):

- You are recommended to apply for Reserved Shares in one of the numbers set forth in the payment table in the **BLUE** Application Form. When the number of Reserved Shares applied for is in one of the numbers set forth in the payment table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with and is less than the corresponding amount payable as set forth in the payment table in the **BLUE** Application Form.
- When the number of Reserved Shares applied for is not in one of the numbers set forth in the payment table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with and is less than the amount payable calculated by using the special formula set forth in the **BLUE** Application Form.

5. When May Applications Be Made

Applications on BLUE Application Form(s)

Your completed **BLUE** Application Form, together with a check or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – ONEWO PREFERENTIAL OFFER" for the payment, should be deposited at Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at the following times:

- Monday, September 19, 2022 — 9:00 a.m. to 4:30 p.m.
- Tuesday, September 20, 2022 — 9:00 a.m. to 4:30 p.m.
- Wednesday, September 21, 2022 — 9:00 a.m. to 4:30 p.m.
- Thursday, September 22, 2022 — 9:00 a.m. to 12:00 noon

Completed **BLUE** Application Forms, together with payment attached, must be lodged by 12:00 noon on Thursday, September 22, 2022, the last day for applications, or such later time as described below in the section headed "— D. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists".

Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, September 22, 2022, the last day for applications, or such later time as described in the section headed "— D. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" below.

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6. How Many Applications May Be Made

You should refer to the section headed “— A. Applications for Hong Kong Offer Shares — 8. How Many Applications Can You Make” above for the situations where you may make an application for Hong Kong Offer Shares under the Hong Kong Public Offering in addition to application(s) for Reserved Shares under the Preferential Offering.

7. Additional Terms and Conditions and Instructions

You should refer to the **BLUE** Application Form for details of the additional terms and conditions and instructions which apply to applications for Reserved Shares.

C. HOW MUCH ARE THE HONG KONG OFFER SHARES AND RESERVED SHARES

The maximum Offer Price is HK\$52.7 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%. This means that for one board lot of 100 Hong Kong Offer Shares or one board lot of 100 Reserved Shares, you will pay HK\$5,323.11.

You must pay the maximum Offer Price, brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy in full upon application for the Hong Kong Offer Shares or Reserved Shares.

You may submit an application through the **HK eIPO White Form** service or the **CCASS EIPO** service in respect of a minimum of 100 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in “— A. Applications for Hong Kong Offer Shares — 4. Minimum Application Amount and Permitted Numbers,” or as otherwise specified in the **IPO App** or on the designated website at www.hkeipo.hk.

For applicants on the **BLUE** Application Form, if the number of Reserved Shares applied for is not one of the numbers set forth in the payment table, you must calculate the correct amount payable on application by using the special formula set forth in the **BLUE** Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy, the FRC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the FRC transaction levy, collected by the Stock Exchange on behalf of the FRC).

For further details on the Offer Price, please refer to the section headed “Structure of the Global Offering — Pricing of the Global Offering” in this Prospectus.

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D. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 am and 12:00 noon on Thursday, September 22, 2022. Instead they will open between 11:45 am and 12:00 noon on the next business day which does not have either of those warnings and/or Extreme Conditions in Hong Kong in force at any time between 9:00 am and 12:00 noon.

If the application lists do not open and close on Thursday, September 22, 2022 or if there is/are a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this Prospectus, an announcement will be made on our website at <https://www.onewo.com/> and the website of the Stock Exchange at www.hkexnews.hk.

E. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering, and the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares on Wednesday, September 28, 2022 on the Company’s website at <https://www.onewo.com/> and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration/certificate of incorporation numbers of successful applicants under the Hong Kong Public Offering and the Preferential Offering will be available at the times and dates and in the manner specified below:

- in the announcement to be posted on the Company’s website at <https://www.onewo.com/> and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 am on Wednesday, September 28, 2022;
- from the “IPO Results” function in the **IPO App** or at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Wednesday, September 28, 2022 to 12:00 midnight, on Tuesday, October 4, 2022; and

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- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, September 28, 2022 to Monday, October 3, 2022 (excluding Saturday, Sunday and public holiday in Hong Kong).

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure of the Global Offering” in this Prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

F. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares and/or the Reserved Shares will not be allotted to you:

(i) If your application is revoked:

By applying by a **BLUE** Application Form or through the **CCASS eIPO** service or through the **HK eIPO White Form** service, you agree that your application or application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

- (a) if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person’s responsibility for this Prospectus; or

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- (b) if any supplement to this Prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allocation of Hong Kong Offer Shares and/or Reserved Shares is void:

The allocation of Hong Kong Offer Shares and/or Reserved Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the applications lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications (other than an application (if any) made on the **BLUE** Application Form in your capacity as a Qualifying China Vanke H Shareholder);
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering);
- your **BLUE** Application Form is not completed in accordance with the stated instructions;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Representatives believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

G. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Global Offering" in this Prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy, will be refunded, without interest.

Any refund of your application monies will be made on or before Wednesday, September 28, 2022.

H. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

If you apply by **BLUE** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the **BLUE** Application Form:

- H Share certificate(s) for all the Hong Kong Offer Shares and/or Reserved Shares allocated to you; and
- refund check(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares and/or Reserved Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy but without interest). Part of the identification document number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your identification document number before encashment of your refund check(s). Inaccurate completion of your identification document number may invalidate or delay encashment of your refund check(s).

Subject to arrangement on dispatch/collection of H Share certificates and refund monies as mentioned below, any refund cheques and H Share certificates are expected to be posted on or before Wednesday, September 28, 2022. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

H Share certificates will only become valid at 8:00 a.m. on Thursday, September 29, 2022 provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” in this Prospectus has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a BLUE Application Form

If you apply for 1,000,000 or more Reserved Shares on a **BLUE** Application Form and have provided all information required by your **BLUE** Application Form, you may collect your refund check(s) and/or H Share certificate(s) from our H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, September 28, 2022 or such other date as notified by us in the newspapers.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund check(s) and/or H Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your **BLUE** Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Reserved Shares on a **BLUE** Application Form, your refund check(s) and/or H Share certificate(s) will be sent to the address on the relevant **BLUE** Application Form on or before Wednesday, September 28, 2022, by ordinary post and at your own risk.

(ii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your H Share certificate(s) from our H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, September 28, 2022, or such other date as notified by the Company in the newspapers as the date of despatch/collection of H Share certificates/e-Auto Refund payment instructions/refund cheques.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, September 28, 2022 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

(iii) If you apply through the CCASS EIPO service

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of H Share Certificates into CCASS and Refund of Application Monies

If your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant's stock account on Wednesday, September 28, 2022, or, on any other date determined by HKSCC or HKSCC Nominees.

The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a **broker** or **custodian**, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the paragraph headed “— E. Publication of Results” in this section on Wednesday, September 28, 2022. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, September 28, 2022 or such other date as determined by HKSCC or HKSCC Nominees.

If you have instructed your **broker** or **custodian** to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that **broker** or **custodian**.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's “An Operating Guide for Investor Participants” in effect from time to time) on Wednesday, September 28, 2022. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy but without interest) will be credited to your designated bank account or the designated bank account of your **broker** or **custodian** on Wednesday, September 28, 2022.

I. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.



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Introduction

We report on the historical financial information of Onewo Inc. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-94, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2019, 2020 and 2021, and the three months ended 31 March 2022 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2019, 2020 and 2021 and 31 March 2022 and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-94 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 19 September 2022 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2019, 2020 and 2021 and 31 March 2022 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the three months ended 31 March 2021 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Ernst & Young

Certified Public Accountants

Hong Kong

19 September 2022

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Three months ended 31 March	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
REVENUE	5	13,927,289	18,145,464	23,704,539	4,747,555	6,847,522
Cost of sales		(11,458,895)	(14,780,734)	(19,684,527)	(4,048,400)	(5,856,653)
Gross profit		2,468,394	3,364,730	4,020,012	699,155	990,869
Other income and gains	6	324,557	370,873	417,318	91,408	84,656
Selling and distribution expenses		(128,139)	(166,418)	(257,152)	(34,916)	(80,856)
Administrative expenses		(1,077,885)	(1,362,551)	(1,791,847)	(321,601)	(476,900)
Impairment losses on financial assets, net		(143,380)	(117,296)	(68,669)	(27,807)	(81,576)
Other expenses		(3,452)	(22,181)	(22,950)	(2,595)	(1,611)
Finance costs	7	(6,268)	(14,428)	(10,207)	(2,580)	(3,017)
Share of profits of:						
Joint ventures		7,564	44,349	(12,331)	(2,862)	(2,165)
Associates		13,330	11,795	45,835	(4,244)	(2,163)
PROFIT BEFORE TAX	8	1,454,721	2,108,873	2,320,009	393,958	427,237
Income tax expense	11	(414,442)	(590,018)	(605,718)	(106,525)	(108,485)
PROFIT FOR THE YEAR/ PERIOD		<u>1,040,279</u>	<u>1,518,855</u>	<u>1,714,291</u>	<u>287,433</u>	<u>318,752</u>
Attributable to:						
Owners of the parent		1,019,894	1,464,039	1,667,642	281,609	311,651
Non-controlling interests		20,385	54,816	46,649	5,824	7,101
		<u>1,040,279</u>	<u>1,518,855</u>	<u>1,714,291</u>	<u>287,433</u>	<u>318,752</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT, IN RMB						
Basic and diluted	13	1.02	1.46	1.65	0.28	0.30

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
PROFIT FOR THE YEAR/PERIOD . . .	<u>1,040,279</u>	<u>1,518,855</u>	<u>1,714,291</u>	<u>287,433</u>	<u>318,752</u>
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations	<u>(3,499)</u>	<u>6,455</u>	<u>(1,246)</u>	<u>165</u>	<u>41</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>(3,499)</u>	<u>6,455</u>	<u>(1,246)</u>	<u>165</u>	<u>41</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Equity investments designated at fair value through other comprehensive income:					
Changes in fair value	<u>453,110</u>	<u>(484,364)</u>	<u>479,023</u>	<u>112,955</u>	<u>(119,951)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>453,110</u>	<u>(484,364)</u>	<u>479,023</u>	<u>112,955</u>	<u>(119,951)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	<u>449,611</u>	<u>(477,909)</u>	<u>477,777</u>	<u>113,120</u>	<u>(119,910)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>1,489,890</u>	<u>1,040,946</u>	<u>2,192,068</u>	<u>400,553</u>	<u>198,842</u>
Attributable to:					
Owners of the parent	<u>1,469,505</u>	<u>986,130</u>	<u>2,145,419</u>	<u>394,729</u>	<u>191,741</u>
Non-controlling interests	<u>20,385</u>	<u>54,816</u>	<u>46,649</u>	<u>5,824</u>	<u>7,101</u>
	<u>1,489,890</u>	<u>1,040,946</u>	<u>2,192,068</u>	<u>400,553</u>	<u>198,842</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December	31 December	31 December	31 March
		2019	2020	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	292,318	357,607	500,639	508,744
Investment properties	15	810,784	838,187	657,110	626,007
Right-of-use assets	16	184,298	225,987	253,086	262,559
Intangible assets	17	280,596	583,008	8,244,089	8,379,847
Investments in joint ventures	18	65,686	983,979	1,019,672	1,017,507
Investments in associates	19	480,183	727,181	793,560	768,161
Equity investments designated at fair value through other comprehensive income	20	1,502,802	1,018,438	1,497,461	1,377,510
Financial assets at fair value through profit or loss	21	9,000	976	976	976
Deferred tax assets	22	12,832	17,376	56,807	85,944
Prepayments, deposits and other receivables	25	2,501,813	2,043,326	1,992,483	1,979,444
Total non-current assets		<u>6,140,312</u>	<u>6,796,065</u>	<u>15,015,883</u>	<u>15,006,699</u>
CURRENT ASSETS					
Inventories	23	382,039	326,733	261,296	219,930
Trade and retention receivables	24	2,127,764	3,020,670	4,514,273	5,882,062
Prepayments, deposits and other receivables	25	1,302,980	1,495,352	1,697,630	2,596,834
Financial assets at fair value through profit or loss	21	55,033	10,000	3,664	6,397
Restricted bank deposits	26	162,784	237,978	305,250	288,435
Time deposits with original maturity of over three months	26	770,313	1,719,313	495,713	495,713
Cash and cash equivalents	26	5,184,792	5,397,646	6,430,557	3,854,385
Total current assets		<u>9,985,705</u>	<u>12,207,692</u>	<u>13,708,383</u>	<u>13,343,756</u>
CURRENT LIABILITIES					
Trade and notes payables	27	1,693,895	2,604,899	3,243,250	3,268,678
Financial liabilities at fair value through profit or loss	35	–	–	191,792	191,792
Contract liabilities	28	3,067,138	3,546,374	4,167,711	4,423,000
Other payables and accruals	29	4,655,484	4,746,776	7,821,982	6,927,680
Interest-bearing bank borrowings	30	–	9,921	11,500	4,500
Lease liabilities	16	56,505	80,477	100,938	102,952
Tax payable		298,834	523,722	744,715	751,767
Total current liabilities		<u>9,771,856</u>	<u>11,512,169</u>	<u>16,281,888</u>	<u>15,670,369</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>213,849</u>	<u>695,523</u>	<u>(2,573,505)</u>	<u>(2,326,613)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,354,161</u>	<u>7,491,588</u>	<u>12,442,378</u>	<u>12,680,086</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	30	10,622	4,168	4,087	–
Other payables and accruals	29	525,302	661,115	815,539	817,905
Provision	31	22,318	48,230	72,874	79,753
Lease liabilities	16	125,496	145,287	149,609	161,557
Deferred tax liabilities	22	–	68,198	1,087,691	1,059,604
Total non-current liabilities		<u>683,738</u>	<u>926,998</u>	<u>2,129,800</u>	<u>2,118,819</u>
Net assets		<u>5,670,423</u>	<u>6,564,590</u>	<u>10,312,578</u>	<u>10,561,267</u>
EQUITY					
Equity attributable to owners of the parent					
Share capital	32	1,000,000	1,000,000	1,050,420	1,050,420
Other reserves	34	4,488,653	5,255,014	8,843,025	9,034,766
		<u>5,488,653</u>	<u>6,255,014</u>	<u>9,893,445</u>	<u>10,085,186</u>
Non-controlling interests		<u>181,770</u>	<u>309,576</u>	<u>419,133</u>	<u>476,081</u>
Total equity		<u>5,670,423</u>	<u>6,564,590</u>	<u>10,312,578</u>	<u>10,561,267</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to owners of the parent								
	Share capital	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	(Note 32)	(Note 34)	(Note 21)	(Note 34)	(Note 34)	(Note 34)			
At 1 January 2019	1,000,000	2,284,987	(186,431)	(564)	127,563	1,015,176	4,240,731	47,225	4,287,956
Profit for the year	-	-	-	-	-	1,019,894	1,019,894	20,385	1,040,279
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	453,110	-	-	-	453,110	-	453,110
Exchange differences on translation of foreign operations	-	-	-	(3,499)	-	-	(3,499)	-	(3,499)
Total comprehensive income/(loss) for the year	-	-	453,110	(3,499)	-	1,019,894	1,469,505	20,385	1,489,890
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	(3,094)	(3,094)
Dividends declared	-	-	-	-	-	(247,100)	(247,100)	-	(247,100)
Transferred from retained earnings	-	-	-	-	84,280	(84,280)	-	-	-
Partial disposal of subsidiaries and acquisition of subsidiaries	-	31,305	-	-	-	-	31,305	119,964	151,269
Acquisition of non-controlling interests	-	(5,788)	-	-	-	-	(5,788)	(2,710)	(8,498)
At 31 December 2019	1,000,000	2,310,504*	266,679*	(4,063)*	211,843*	1,703,690*	5,488,653	181,770	5,670,423

Year ended 31 December 2020

	Attributable to owners of the parent								
	Share capital	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 32)	(Note 34)	(Note 21)	(Note 34)	(Note 34)	(Note 34)	(Note 34)		
At 1 January 2020	1,000,000	2,310,504	266,679	(4,063)	211,843	1,703,690	5,488,653	181,770	5,670,423
Profit for the year	—	—	—	—	—	1,464,039	1,464,039	54,816	1,518,855
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	(484,364)	—	—	—	(484,364)	—	(484,364)
Exchange differences on translation of foreign operations	—	—	—	6,455	—	—	6,455	—	6,455
Total comprehensive income/(loss) for the year	—	—	(484,364)	6,455	—	1,464,039	986,130	54,816	1,040,946
Dividends declared to non-controlling shareholders	—	—	—	—	—	—	—	(5,287)	(5,287)
Dividends declared	—	—	—	—	—	(317,700)	(317,700)	—	(317,700)
Equity-settled share-based payment	—	35,823	—	—	—	—	35,823	—	35,823
Transferred from retained earnings	—	—	—	—	113,455	(113,455)	—	—	—
Partial disposal of subsidiaries and acquisition of subsidiaries	—	69,935	—	—	—	—	69,935	81,629	151,564
Acquisition of non-controlling interests	—	(7,827)	—	—	—	—	(7,827)	(4,452)	(12,279)
Disposal of subsidiaries	—	—	—	—	—	—	—	1,100	1,100
At 31 December 2020	1,000,000	2,408,435*	(217,685)*	2,392*	325,298*	2,736,574*	6,255,014	309,576	6,564,590

Year ended 31 December 2021

	Attributable to owners of the parent								
	Fair value reserve of financial assets at fair value								
	Share capital	Capital reserve	Fair value reserve through other comprehensive income	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Note 32)	(Note 34)	(Note 21)	(Note 34)	(Note 34)	(Note 34)	(Note 34)			
At 1 January 2021	1,000,000	2,408,435	(217,685)	2,392	325,298	2,736,574	6,255,014	309,576	6,564,590
Profit for the year	-	-	-	-	-	1,667,642	1,667,642	46,649	1,714,291
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value net of tax	-	-	479,023	-	-	-	479,023	-	479,023
Exchange differences on translation of foreign operations	-	-	-	(1,246)	-	-	(1,246)	-	(1,246)
Total comprehensive income/(loss) for the year	-	-	479,023	(1,246)	-	1,667,642	2,145,419	46,649	2,192,068
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	(26,850)	(26,850)
Dividends declared	-	-	-	-	-	(3,537,000)	(3,537,000)	-	(3,537,000)
Issue of shares	50,420	4,980,261	-	-	-	-	5,030,681	-	5,030,681
Transferred from retained earnings	-	-	-	-	199,912	(199,912)	-	-	-
Partial disposal of subsidiaries and acquisition of subsidiaries	-	-	-	-	-	-	-	96,263	96,263
Acquisition of non-controlling interests	-	(669)	-	-	-	-	(669)	(6,505)	(7,174)
At 31 December 2021	1,050,420	7,388,027*	261,338*	1,146*	525,210*	667,304*	9,893,445	419,133	10,312,578

Three months ended 31 March 2021

	Attributable to owners of the parent								
	Fair value reserve of financial assets at fair value								
	Share capital	Capital reserve	Fair value reserve through other comprehensive income	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	Non-controlling interests	Total equity
(Note 32)	(Note 34)	(Note 21)	(Note 34)	(Note 34)	(Note 34)	(Note 34)		RMB'000	RMB'000
At 1 January 2021	1,000,000	2,408,435	(217,685)	2,392	325,298	2,736,574	6,255,014	309,576	6,564,590
Profit for the period (unaudited)	-	-	-	-	-	281,609	281,609	5,824	287,433
Other comprehensive income for the period: (unaudited)									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax (unaudited)	-	-	112,955	-	-	-	112,955	-	112,955
Exchange differences on translation of foreign operations (unaudited)	-	-	-	165	-	-	165	-	165
Total comprehensive income/(loss) for the period (unaudited)	-	-	112,955	165	-	281,609	394,729	5,824	400,553
Transferred from retained earnings (unaudited)	-	-	-	-	1,755	(1,755)	-	-	-
Partial disposal of subsidiaries and acquisition of subsidiaries (unaudited)	-	-	-	-	-	-	-	30,160	30,160
Acquisition of non-controlling interests (unaudited)	-	(669)	-	-	-	-	(669)	(6,505)	(7,174)
At 31 March 2021 (unaudited)	1,000,000	2,407,766	(104,730)	2,557	327,053	3,016,428	6,649,074	339,055	6,988,129

Three months ended 31 March 2022

	Attributable to owners of the parent								
	Fair value reserve of financial assets at fair value								
	Share capital	Capital reserve	Fair value reserve through other comprehensive income	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
(Note 32)	(Note 34)	(Note 21)	(Note 34)	(Note 34)	(Note 34)	(Note 34)			
At 1 January 2022	1,050,420	7,388,027	261,338	1,146	525,210	667,304	9,893,445	419,133	10,312,578
Profit for the period	-	-	-	-	-	311,651	311,651	7,101	318,752
Other comprehensive income for the period:									
Changes in fair value of equity investments at fair value through other comprehensive income,			(119,951)				(119,951)		(119,951)
net of tax									
Exchange differences on translation of foreign operations				41			41		41
Total comprehensive income/(loss) for the period			(119,951)	41		311,651	191,741	7,101	198,842
Partial disposal of subsidiaries and acquisition of subsidiaries								49,847	49,847
At 31 March 2022	1,050,420	7,388,027*	141,387*	1,187*	525,210*	978,955*	10,085,186	476,081	10,561,267

* These reserve accounts comprise the consolidated reserves of RMB4,488,653,000, RMB5,255,014,000, RMB8,843,025,000 and RMB9,034,766,000 in the consolidated statements of financial position as at 31 December 2019, 2020 and 2021 and 31 March 2022, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended	Year ended	Year ended	Three months	Three months
		31 December	31 December	31 December	ended	ended
		2019	2020	2021	31 March	31 March
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(unaudited)</i>						
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		1,454,721	2,108,873	2,320,009	393,958	427,237
Adjustments for:						
Depreciation of items of property, plant and equipment	8,14	55,252	55,846	103,804	17,024	26,783
Depreciation of right-of-use assets . .	8,16	61,620	63,822	82,325	19,792	24,950
Depreciation of investment properties	8,15	13,984	13,223	15,734	6,934	2,726
Amortisation of intangible assets . . .	8,17	112,282	80,896	193,441	20,488	127,152
(Gain)/loss on disposal of items of property, plant and equipment . . .	8	(243)	455	1,589	27	(134)
Gain on disposal of investment properties	6,8	(156,299)	(130,659)	(80,852)	(17,950)	(8,653)
Fair value gains or losses on financial assets at fair value through profit or loss	6,8	(48,712)	(55,125)	(50,389)	(21,018)	(5,384)
Impairment losses for trade and retention receivables, net	8,24	11,395	9,900	6,847	15,639	33,828
Impairment losses for prepayments, deposits and other receivables, net	8,25	131,985	107,396	61,822	12,168	47,748
Gain on disposal of subsidiaries . . .	8	–	(8,604)	(26)	–	–
Gain on disposal of joint ventures and associates	8	–	(569)	–	–	(11,557)
Share of profits and losses of joint ventures and associates	18,19	(20,894)	(56,144)	(33,504)	7,106	4,328
Interest income	6,8	(36,337)	(39,889)	(85,189)	(12,624)	(10,473)
Finance costs	7	6,268	14,428	10,207	2,580	3,017
Equity-settled share-based payment . .		–	35,823	–	–	–
Net foreign exchange differences . . .		(170)	(1,289)	(81)	52	–
		1,584,852	2,198,383	2,545,737	444,176	661,568
(Increase)/decrease in inventories		(131,723)	55,153	69,698	76,510	41,366
Increase in trade and retention receivables		(620,580)	(749,805)	(731,166)	(1,129,163)	(1,401,617)
(Increase)/decrease in prepayments, deposits and other receivables		(802,995)	50,784	34,559	(17,343)	(880,444)
Increase in trade and notes payables . . .		459,510	844,805	390,813	184,499	25,428
Increase/(decrease) in other payables and accruals		1,263,532	46,177	733,317	(174,536)	(438,586)
Increase/(decrease) in contract liabilities		668,763	452,930	262,434	(89,045)	255,289
Increase in provision		5,672	24,546	24,525	2,537	6,879
		2,427,031	2,922,973	3,329,917	(702,365)	(1,730,117)
Tax paid		(336,038)	(365,766)	(496,306)	(206,431)	(187,331)
Net cash flows from/(used in) operating activities		2,090,993	2,557,207	2,833,611	(908,796)	(1,917,448)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment	8,14	4,221	18,527	25,154	2,871	571
Purchase of items of property, plant and equipment		(85,646)	(141,360)	(228,306)	(18,861)	(35,325)
Proceeds from disposal of investment properties	8,15	345,665	310,680	260,690	91,762	37,030

Notes	Year ended	Year ended	Year ended	Three months	Three months
	31 December	31 December	31 December	ended	ended
	2019	2020	2021	31 March	31 March
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Purchase of investment properties	(148,601)	(259,408)	(9,869)	(3,361)	(31,191)
Purchase of Intangible assets	(55,114)	(7,440)	(46,640)	(27,123)	(191,108)
Deposits for acquisition of subsidiaries	–	–	(3,000,000)	–	–
Deposits received	–	–	3,000,000	–	–
Purchase of shareholding in joint ventures and associates	(317,494)	(1,108,768)	(113,213)	(6,500)	(6,349)
Dividends received from joint ventures and associates	5,492	12,037	47,130	–	–
Proceeds from disposal of joint ventures and associates	–	150	–	–	41,142
Acquisition of subsidiaries, net of cash acquired	–	48,336	(1,434,289)	–	–
Proceeds from disposal of subsidiaries	–	(3,922)	–	–	–
(Purchases of)/receipt from wealth management products	(6,321)	108,182	725,966	20,910	2,651
Interest received	36,337	39,889	85,189	12,624	10,473
(Increase)/decrease in pledged deposits	(5,789)	(18,215)	(16,485)	200	(6,280)
(Increase)/decrease in time deposits with original maturity of over three months	26	(438,612)	1,223,600	(50,000)	–
Net cash flows (used in)/from investing activities	(665,862)	(1,950,312)	518,927	22,522	(178,386)
CASH FLOWS FROM FINANCING ACTIVITIES					
Disposal of non-controlling interests	–	3,736	68,325	30,160	3,847
Acquisition of non-controlling interests	(7,886)	–	(7,174)	(7,174)	–
Listing expenses paid	–	–	–	–	(3,460)
New bank loans	–	452,066	–	–	–
Repayment of bank loans	–	(447,310)	(18,402)	–	(11,077)
Interest paid	–	(6,811)	(351)	–	(583)
Dividends paid	(247,100)	(317,700)	(2,242,999)	–	(446,201)
Dividends paid to non-controlling shareholders	(3,094)	(5,287)	(26,850)	–	–
Interest element of lease rentals paid	(5,915)	(7,617)	(9,856)	(2,498)	(2,434)
Capital element of lease rentals paid	(63,917)	(61,571)	(81,996)	(22,341)	(20,461)
Net cash flows used in financing activities	(327,912)	(390,494)	(2,319,303)	(1,853)	(480,369)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,097,219	216,401	1,033,235	(888,127)	(2,576,203)
Cash and cash equivalents at beginning of year/period	4,087,163	5,184,792	5,397,646	5,397,646	6,430,557
Effect of foreign exchange rate changes, net	410	(3,547)	(324)	227	31
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u>5,184,792</u>	<u>5,397,646</u>	<u>6,430,557</u>	<u>4,509,746</u>	<u>3,854,385</u>
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	26	<u>5,184,792</u>	<u>6,430,557</u>	<u>4,509,746</u>	<u>3,854,385</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	31 December	31 December	31 December	31 March
		2019	2020	2021	2022
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
NON-CURRENT ASSETS					
Property, plant and equipment		7,823	5,347	3,540	2,772
Right-of-use assets		45,247	32,319	19,392	16,160
Investments in subsidiaries		1,547,495	1,590,926	6,738,984	6,773,722
Investments in associates	41	86,242	92,692	74,247	74,247
Prepayments, deposits and other receivables		<u>4,641</u>	<u>4,170</u>	<u>4,187</u>	<u>4,315</u>
Total non-current assets		<u>1,691,448</u>	<u>1,725,454</u>	<u>6,840,350</u>	<u>6,871,216</u>
CURRENT ASSETS					
Trade and retention receivables		31,211	32,760	47,982	77,311
Prepayments, deposits and other receivables	41	4,224,029	6,533,850	10,289,837	11,570,386
Financial assets at fair value through profit or loss	41	55,033	–	–	–
Restricted bank deposits		10,600	10,600	2,122	2,122
Time deposits with original maturity of over three months	41	756,000	1,151,000	486,000	486,000
Cash and cash equivalents	41	<u>2,820,905</u>	<u>1,966,342</u>	<u>3,838,642</u>	<u>2,746,894</u>
Total current assets		<u>7,897,778</u>	<u>9,694,552</u>	<u>14,664,583</u>	<u>14,882,713</u>
CURRENT LIABILITIES					
Contract liabilities		–	1,414	2,944	2,944
Other payables and accruals	41	5,220,427	6,217,362	12,559,114	12,818,400
Lease liabilities		12,566	13,032	13,516	13,640
Tax payable		<u>5,567</u>	<u>9,230</u>	<u>23,982</u>	<u>19,836</u>
Total current liabilities		<u>5,238,560</u>	<u>6,241,038</u>	<u>12,599,556</u>	<u>12,854,820</u>
NET CURRENT ASSETS		<u>2,659,218</u>	<u>3,453,514</u>	<u>2,065,027</u>	<u>2,027,893</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,350,666</u>	<u>5,178,968</u>	<u>8,905,377</u>	<u>8,899,109</u>
NON-CURRENT LIABILITIES					
Other payables and accruals		7	7	7	7
Lease liabilities		<u>33,493</u>	<u>20,461</u>	<u>6,975</u>	<u>3,488</u>
Total non-current liabilities		<u>33,500</u>	<u>20,468</u>	<u>6,982</u>	<u>3,495</u>
Net assets		<u>4,317,166</u>	<u>5,158,500</u>	<u>8,898,395</u>	<u>8,895,614</u>
EQUITY					
Share capital	32	1,000,000	1,000,000	1,050,420	1,050,420
Other reserves	34	<u>3,317,166</u>	<u>4,158,500</u>	<u>7,847,975</u>	<u>7,845,194</u>
Total equity		<u>4,317,166</u>	<u>5,158,500</u>	<u>8,898,395</u>	<u>8,895,614</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Onewo Inc. (the “Company”) was incorporated in the People’s Republic of China (“PRC”) on 20 February 2001 as a limited liability company. On 20 March 2018, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- Community space living consumption services
- Commercial and urban space integrated services
- AIoT and BPaaS solution services

In the opinion of the Company’s directors, the ultimate holding company of the Company is China Vanke Co., Ltd. (the “China Vanke”), a public company established in the PRC and its shares are listed on Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, the particulars of which are set out below:

Company name	Place and date of incorporation	Registered share capital	Percentage of equity attributable to the Company			Principal activities
			2019	2020	2021	
深圳市萬科物業服務有限公司 ⁽²⁾	PRC/Mainland China, 16 January 1992	RMB50,000,000	100	100	100	Property management
天津萬科物業服務有限公司 ⁽³⁾	PRC/Mainland China, 8 August 1992	RMB10,000,000	100	100	100	Property management
武漢市萬科物業服務有限公司 ⁽⁴⁾	PRC/Mainland China, 20 November 1992	RMB12,000,000	100	100	100	Property management
上海萬科物業服務有限公司 ⁽⁵⁾	PRC/Mainland China, 25 November 1993	RMB12,260,000	100	100	100	Property management
瀋陽萬科物業服務有限公司 ⁽⁶⁾	PRC/Mainland China, 19 December 1995	RMB10,000,000	100	100	100	Property management
浙江耀江物業管理有限公司 ⁽⁷⁾	PRC/Mainland China, 18 January 1996	RMB50,800,000	65	65	65	Property management
北京戴德梁行物業管理有限公司 ⁽⁸⁾	PRC/Mainland China, 12 August 1997	RMB5,545,488	–	65	65	Property management
北京萬科物業服務有限公司 ⁽⁹⁾	PRC/Mainland China, 8 April 1998	RMB50,000,000	100	100	100	Property management
深圳萬物商企物業服務有限公司 ⁽⁷⁾	PRC/Mainland China, 10 October 1999	RMB11,580,000	65	65	65	Property management
戴德梁行物業諮詢(上海)有限公司 ⁽¹⁰⁾	PRC/Mainland China, 6 January 2000	USD5,800,000	–	65	65	Property management
成都萬科物業服務有限公司 ⁽¹¹⁾	PRC/Mainland China, 16 October 2000	RMB100,000,000	100	100	100	Property management
長春萬科物業服務有限公司 ⁽¹²⁾	PRC/Mainland China, 25 June 2002	RMB20,000,000	100	100	100	Property management
江蘇蘇南萬科物業服務有限公司 ⁽¹³⁾	PRC/Mainland China, 14 October 2003	RMB10,580,000	100	100	100	Property management
廣州市萬科物業服務有限公司 ⁽¹⁴⁾	PRC/Mainland China, 17 November 2004	RMB5,000,000	100	100	100	Property management
東莞市萬科物業服務有限公司 ⁽¹⁵⁾	PRC/Mainland China, 29 March 2005	RMB5,000,000	100	100	100	Property management
廈門市萬科物業服務有限公司 ⁽¹⁶⁾	PRC/Mainland China, 11 January 2007	RMB10,000,000	100	100	100	Property management
杭州萬科物業服務有限公司 ⁽¹⁷⁾	PRC/Mainland China, 21 March 2007	RMB100,000,000	100	100	100	Property management

Company name	Place and date of incorporation	Registered share capital	Percentage of equity attributable to the Company				Principal activities
			2019	2020	2021	At the date of this report	
南京萬科物業管理有限公司 ⁽¹⁸⁾	PRC/Mainland China, 30 May 2007	RMB12,000,000	100	100	100	100	Property management
深圳市譽鷹物業服務有限公司 ⁽⁷⁾	PRC/Mainland China, 9 October 2014	RMB100,000,000	100	100	100	100	Property management
北京萬物商企物業服務有限公司 ⁽⁷⁾	PRC/Mainland China, 5 July 2018	RMB50,000,000	65	65	65	65	Property management
深圳市萬科物業控股有限公司 ⁽¹⁹⁾	PRC/Mainland China, 9 December 2020	RMB217,293,558	–	100	100	100	Property management
浙江大管家物業管理服務有限公司 ⁽²⁰⁾	PRC/Mainland China, 9 June 2000	RMB20,280,000	51	51	51	51	Property management
萬科物業服務(香港)有限公司 ⁽²¹⁾	Hong Kong, 28 August 2017	HK\$10,000	100	100	100	100	Property management
深圳市機場物業服務有限公司 ⁽²²⁾	PRC/Mainland China, 15 November 1991	RMB12,820,500	–	–	61	61	Property management
深圳市萬物為家控股有限公司 ⁽¹⁹⁾	PRC/Mainland China, 28 July 2021	RMB5,000,000	–	–	100	100	Property management
海南譽鷹管理服務有限公司 ⁽¹⁹⁾	PRC/Mainland China, 5 July 2021	RMB5,000,000	–	–	100	100	Property management
上海譽盛物業服務有限公司 ⁽¹⁾	PRC/Mainland China, 11 August 2021	RMB1,000,000	–	–	100	100	Property management
上海陽光智博生活服務集團有限公司 ⁽²³⁾	PRC/Mainland China, 29 July 2020	RMB212,500,000	–	–	100	100	Property management
福建伯恩物業集團有限公司 ⁽²⁴⁾	PRC/Mainland China, 25 July 2005	RMB62,100,000	–	–	100	100	Property management
深圳萬科祥盈管理服務有限公司 ⁽²⁵⁾	PRC/Mainland China, 19 November 2019	RMB10,000,000	–	–	100	100	Enterprise service
深圳市萬物倉儲有限公司 ⁽¹⁾	PRC/Mainland China, 18 January 2011	RMB35,738,122	100	100	100	100	Warehouse logistics
深圳市萬睿智能科技有限公司 ⁽²⁶⁾	PRC/Mainland China, 30 January 2013	RMB100,000,000	100	100	100	100	Intelligent engineering
深圳市萬物成長諮詢服務有限公司 ⁽⁷⁾	PRC/Mainland China, 10 September 2015	RMB10,000,000	100	100	100	100	Investment management
深圳市樸寓不動產服務有限公司 ⁽¹⁹⁾	PRC/Mainland China, 25 April 2016	RMB3,000,000	100	100	100	100	Real estate brokerage
深圳市樸韻繕新科技服務有限公司 ⁽¹⁾	PRC/Mainland China, 20 May 2016	RMB3,000,000	100	100	100	100	Home decoration and renovation
深圳市第五空間網絡科技有限公司 ⁽²⁷⁾	PRC/Mainland China, 12 September 2013	RMB1,000,000	100	100	100	100	IT service
深圳市萬物雲科技有限公司 ⁽²⁷⁾	PRC/Mainland China, 11 October 2017	RMB1,000,000,000	100	100	100	100	IT service
珠海市萬物雲科技有限公司 ⁽²⁸⁾	PRC/Mainland China, 1 November 2017	RMB10,000,000	100	100	100	100	IT service
深圳市萬物共贏投資有限公司 ⁽²⁷⁾	PRC/Mainland China, 27 November 2019	RMB30,000,000	100	100	100	100	Industrial investment
深圳市萬物空間科技有限公司 ⁽¹⁾	PRC/Mainland China, 21 January 2020	RMB5,000,000	–	100	100	100	Public facility management
深圳市萬物雲城空間運營管理有限公司 ⁽²⁹⁾	PRC/Mainland China, 23 January 2020	RMB50,000,000	–	100	100	100	Public facility management

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

- (1) No audited financial statements have been prepared and issued for these entities as the entities were not subject to any statutory audit requirement under the relevant rules and regulations in its jurisdiction of establishment.

- (2) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC accounting principles and regulations (“PRC GAAP”) have been audited by 北京興華會計師事務所(特殊普通合夥).
- (3) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 天津華卓會計師事務所(普通合夥).
- (4) The statutory financial statements of the entity for the years ended 31 December 2019 and 2020 prepared in accordance with PRC GAAP have been audited by 信永中和會計師事務所(特殊普通合夥). The statutory financial statements of the entity for the year ended 31 December 2021 prepared in accordance with PRC GAAP have been audited by 武漢東晨會計師事務所(普通合夥).
- (5) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 立信會計師事務所(特殊普通合夥).
- (6) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 中審眾環會計師事務所(特殊普通合夥).
- (7) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by Ernst & Young Hua Ming LLP.
- (8) The statutory financial statements of the entity for the year ended 31 December 2019 prepared in accordance with PRC GAAP have been audited by 北京興華會計師事務所(特殊普通合夥). The statutory financial statements of the entity for the years ended 31 December 2020 and 2021 prepared in accordance with PRC GAAP have been audited by Ernst & Young Hua Ming LLP.
- (9) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 北京恒浩會計師事務所有限公司.
- (10) The statutory financial statements of the entity for the year ended 31 December 2019 prepared in accordance with PRC GAAP have been audited by 上會會計師事務所(特殊普通合夥). The statutory financial statements of the entity for the years ended 31 December 2020 and 2021 prepared in accordance with PRC GAAP have been audited by Ernst & Young Hua Ming LLP.
- (11) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 四川安必信會計師事務所有限責任公司.
- (12) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 大華會計師事務所(特殊普通合夥).
- (13) The statutory financial statements of the entity for the years ended 31 December 2019 and 2020 prepared in accordance with PRC GAAP have been audited by 容誠會計師事務所(特殊普通合夥). The statutory financial statements of the entity for the year ended 31 December 2021 prepared in accordance with PRC GAAP have been audited by 天衡會計師事務所(特殊普通合夥).
- (14) The statutory financial statements of the entity for the years ended 31 December 2019 and 2020 prepared in accordance with PRC GAAP have been audited by 廣州悅禾會計師事務所(普通合夥). The statutory financial statements of the entity for the year ended 31 December 2021 prepared in accordance with PRC GAAP have been audited by 廣東宏建會計師事務所有限公司.
- (15) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 東莞市正中信合會計師事務所(普通合夥).
- (16) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 廈門泓正會計師事務所有限公司.
- (17) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 浙江之江會計師事務所有限公司.

- (18) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 公證天業會計師事務所(特殊普通合夥).
- (19) The statutory financial statements of the entity for the years ended 31 December 2021 prepared in accordance with PRC GAAP have been audited by 深圳誠華會計師事務所有限公司.
- (20) The statutory financial statements of the entity for the year ended 31 December 2019 prepared in accordance with PRC GAAP have been audited by 致同會計師事務所(特殊普通合夥). The statutory financial statements of the entity for the years ended 31 December 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 浙江華明會計師事務所有限公司.
- (21) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with Hong Kong Financial Reporting Standards have been audited by Ernst & Young.
- (22) The statutory financial statements of the entity for the year ended 31 December 2019 prepared in accordance with PRC GAAP have been audited by 立信會計師事務所(特殊普通合夥). The statutory financial statements of the entity for the year ended 31 December 2020 prepared in accordance with PRC GAAP have been audited by 中喜會計師事務所(特殊普通合夥). The statutory financial statements of the entity for the year ended 31 December 2021 prepared in accordance with PRC GAAP have been audited by 深圳范陳巨源會計師事務所.
- (23) The statutory financial statements of the entity for the year ended 31 December 2021 prepared in accordance with PRC GAAP have been audited by Ernst & Young Hua Ming LLP.
- (24) The statutory financial statements of the entity for the year ended 31 December 2019 prepared in accordance with PRC GAAP have been audited by 中審眾環會計師事務所(特殊普通合夥). The statutory financial statements of the entity for the year ended 31 December 2020 prepared in accordance with PRC GAAP have been audited by 福建中誠信德會計師事務所有限公司. The statutory financial statements of the entity for the year ended 31 December 2021 prepared in accordance with PRC GAAP have been audited by Ernst & Young Hua Ming LLP.
- (25) The statutory financial statements of the entity for the year ended 31 December 2020 prepared in accordance with PRC GAAP have been audited by 深圳晨耀會計師事務所(普通合夥). The statutory financial statements of the entity for the year ended 31 December 2021 prepared in accordance with PRC GAAP have been audited by 北京富澤瑞會計師事務所(普通合夥).
- (26) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 深圳永信瑞和會計師事務所(特殊普通合夥).
- (27) The statutory financial statements of the entity for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 深圳誠華會計師事務所有限公司.
- (28) The statutory financial statements of the entities for the years ended 31 December 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 深圳誠華會計師事務所有限公司.
- (29) The statutory financial statements of the entity for the years ended 31 December 2020 and 2021 prepared in accordance with PRC GAAP have been audited by 北京興華會計師事務所(特殊普通合夥).

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from 1 January 2022, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and the three months ended 31 March 2021.

As at 31 December 2021 and 31 March 2022, the Group had net current liabilities approximately RMB2,573,505,000 and RMB2,326,613,000. The directors of the Company believe that the Group has adequate resources to continue operations and meet its abilities as at when they fall due for the foreseeable future of not less than 12 months from the end of the reporting period, by taking into account: (a) the Group's expected cash inflows from operating activities; (b) the bank facilities obtained subsequent to the reporting date; (c) included in the current liabilities were the contract liabilities of approximately RMB4,423,000,000, with no expected future cash outflows. Therefore, the directors of the Company are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income which have been measured at fair value.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 17	<i>Insurance Contracts¹</i>
Amendments to IFRS 17	<i>Insurance Contracts^{1, 2}</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current¹</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates¹</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies¹</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹</i>

- 1 Effective for annual periods beginning on or after 1 January 2023
- 2 As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023
- 3 No mandatory effective date is determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group has expected that these standards are unlikely to have significant effect on the Group's financial performance and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Company's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group transactions and balances have been eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group has directly disposed of the related assets or liabilities.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;

- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	over 1.37%
Machinery and motor vehicles	4.80% to 19.20%
Electronic and other equipment	19.20% to 32.00%
Leasehold improvements	Over the shorter of relevant lease term and 20.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided using the straight-line method to write off the cost of the investment properties over the estimated useful lives. Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Intangible assets (other than goodwill)

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. The customer relationship has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of the customer relationship, which is 10 years. The expected useful life is primarily related to property service contracts, and is determined based on management's best estimate of the total period from which the benefits will be derived from the customer relationship and will reflect the consumption of future economic benefits from the customer relationship, taking into account: (1) the typical term of the property service contracts, (2) the historical track record of successful contract renewal. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over their estimated useful life of 3 to 5 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1 to 15 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When a right-of-use asset meets the definition of an investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment losses in accordance with the Group's policy for "Investment properties". The Group's right-of-use assets are separately presented on the face of the consolidated statement of financial position.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets lease recognition exemption to leases that are considered of low value. Lease payments on short-term leases and of low-value assets leases are recognised as expense on a straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and retention receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and retention receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and retention receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and retention receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including short term time deposits, and assets similar in nature to cash, which are not restricted as to use.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables and other payables and accruals and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

After initial recognition, trade and notes payables, interest-bearing bank borrowings, lease liabilities and other payables and accruals are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss)
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or ventures and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances arises. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or if outside the measurement period, it is recognised in profit or loss.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group provides community space living consumption services, commercial and urban space integrated services and AIoT and BPaaS solution services. Revenue from contracts with customers is recognised when services are rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange of those services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Community space living consumption services

Community space living consumption services comprise: (i) Residential property services; (ii) Home-related asset services; and (iii) Other community value-added services.

Residential property services primarily include cleaning services, security services, gardening services and repair and maintenance services to property owners, property owners' associations or residents for residential properties. For property services, revenue is recognised when services are rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange of those services.

The Group charged property services fees in respect of the property services on a lump sum basis and on a management remuneration basis.

For property services income from properties managed on a lump sum basis, where the Group acts as principal and is primarily responsible for providing the property services, the Group recognises the fee received or receivable from property developers, property owners and residents as its revenue and all the costs incurred in providing the residential property services as its cost of services.

For property service income of properties managed on a management remuneration basis, the Group acts as an agent and recognises the service income, which is calculated by reference to the total property management fee receivable from the property owners, as its revenue for arranging and monitoring the services provided by service suppliers to the property owners.

Home-related asset services mainly include home sale and rental brokerage services and home redecoration and furnishing services. Revenue from home sale and rental brokerage services is recognised at the point in time when the services are rendered and accepted by the customers. Revenue from home redecoration and furnishing service is recognised over time, in the amount the Group has a right to bill, because the customer simultaneously receives and consumes the benefits provided by the Group.

Other community value-added services mainly include commission income from carpark space sales assistance services, which are recognised on a net basis at point in time when the control of properties or the use rights of car park spaces are transferred to the customer.

Commercial and urban space integrated services

Commercial and urban space integrated services mainly include property and facility management services, value-added services for developers and urban space integrated services.

The Company offers comprehensive property and facility management services including (i) commercial property services which focus on the property management tasks of commercial premises and (ii) integrated facility management services which focus on addressing the workplace needs of arising from the non-core business processes of occupiers. The Group bills for services provided on a monthly basis and recognises it as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

Value-added services for developers mainly include (i) sales center and model room management; (ii) and pre-delivery support services; and (iii) building maintenance services. The Group agrees the price for each service with the property developers upfront and issues the monthly bill to the property developers which varies based on the actual level of service completed in that month. Revenue from value added services is recognised over time in the amount to which the Group has a right to invoice, because the property developers simultaneously receives and consumes the benefits provided by the Group.

AIoT and BPaaS solution services

AIoT solutions mainly include smart property solutions.

Smart property solutions mainly include equipment, design, integration and construction which are highly interdependent and interrelated. The Group accounts for these goods and services as a single performance obligation. Revenue from smart property solutions is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs and the Group has an enforceable right to payment for performance completed to date.

BPaaS solutions mainly include remote operation services.

The service fees are charged based on the nature of services the clients subscribe for as well as the number of service requests, which are generally payable on a monthly or quarterly basis. Revenue from BPaaS solutions is recognised overtime when such services are rendered.

Other income

Interest income is recognised, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

When the Group receives goods or services from the supplier of those goods or services (including an employee) in a share-based payment arrangement, the Group accounts for as share-based payments no matter the Group itself or a shareholder of the Group has the obligation to settle the share-based transactions.

A share-based payments is classified as either an equity-settled share-based payments or a cash-settled share-based payments. The term "equity-settled share-based payments" refers to a transaction in which the Group grants shares or other equity instruments as a consideration in return for services rendered or a transaction in which the Group has no obligation to settle the share-based payments or the awards granted are self-owned equity instruments of its' shareholder.

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted.

The equity-settled share-based payments in return for employee services is measured at the fair value of the equity instruments granted to the employees. If the right of an equity-settled share-based payments may be exercised immediately after the grant date, the fair value of the equity instruments on the grant date is recognised in profit or loss, with a corresponding increase in other reserves. When the grant of equity instruments is conditional upon the achievement of a performance or service condition, an amount for the services received during the vesting period is recognised in the related cost or expense with a corresponding increase in other reserves based on the best available estimate of the number of equity instruments expected to vest. The fair value of equity instruments is calculated based on the discounted cash flow ("DCF") model. Further details are included in note 33.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of certain overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of certain overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade and retention receivables

The Group uses a provision matrix to calculate ECLs for trade and retention receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and retention receivables is disclosed in note 40 to the Historical Financial Information, respectively.

Provision for ECLs on payments on behalf of property owners for properties managed on a management remuneration basis

Payments on behalf of property owners for properties managed on a management remuneration basis represent advances made to or operating costs paid on behalf of property owners for properties managed on a management remuneration basis. The ECL on these receivables is determined by the Group based on (i) the net present value of expected future cash flows of respective property management projects, which has included a number of estimations and inputs, such as estimated property management fee, estimated collection rates and estimated operating costs; (ii) past repayment history; and (iii) where material, adjusted for forward-looking factors specific to the respective property management projects and the economic environment.

The Group's estimation on expected future cash flows of the relevant property management projects and forecast of economic conditions may not be representative of the actual cash flows in the future and significant management estimates are required in the estimates. When the actual outcome of expectation in future is different from the original estimates, such differences will impact on the carrying amount of payments on behalf of property owners for properties managed on a management remuneration basis and the amount of ECLs provided or reversed in the periods in which such estimates have been changed. The information about the ECLs on these receivables is disclosed in note 25 to the financial statements.

Classification of car parking spaces between investment properties and inventories

The Group holds a certain amount of investment properties, which primarily consist of carpark spaces owned by the Group, which are purchased from the controlling shareholder for earning rentals and/or capital appreciation. Judgement is made by management on determining whether a car parking space is designated as an investment property or an inventory. The Group considers its intention of holding the properties at the acquisition stage of the related car parking spaces for financial statement classification of these car parking spaces.

Car parking spaces intended to be held to earn rentals and/or for capital appreciation are accounted for as investment properties in non-current assets and measured initially at cost. Subsequent to initial recognition, these car parking spaces are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2019, 2020 and 2021 and 31 March 2022 were nil, RMB80,208,000, RMB3,700,222,000 and RMB3,700,222,000 respectively. Further details are given in note 17.

Depreciation and amortisation

Depreciation and amortisation are calculated on the straight-line basis to write off the cost of each item of property, plant and equipment and intangible asset to its residual value over its estimated useful life. The estimated useful lives and dates that the Group places the items of property, plant and equipment into productive use reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and intangible assets.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed depreciation allowances to the extent that it is probable that future taxable profits would be available against which the losses and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease.

4. OPERATING SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines.

During the Relevant Periods, the Group was principally engaged in the provision of community space living consumption service, commercial and urban space integrated services and AIoT and BPaaS solution services in the PRC. Management reviews the operating results of the business as a single operating segment to make decisions about resources to be allocated. Therefore, the executive directors regard that there is only one segment which is used to make strategic decisions.

The principal operating entities of the Group are domiciled in the PRC and majority of revenue is derived in the PRC during the Relevant Periods.

As at 31 December 2019, 2020 and 2021 and 31 March 2022, except for the equity investments designated at fair value through other comprehensive income, majority of the non-current assets of the Group were located in the PRC.

5. REVENUE

Revenue mainly comprises proceeds from community space living consumption services, commercial and urban space integrated services and AIoT and BPaaS solution services. An analysis of the Group's revenue and cost of services by category for the Relevant Periods and the three months ended 31 March 2021 is as follows:

An analysis of revenue is as follows:

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Types of services					
Community space living consumption services	8,828,469	10,623,121	13,161,025	2,786,495	3,910,887
Commercial and urban space integrated services	4,292,597	6,488,589	8,693,128	1,623,082	2,437,843
AIoT and BPaaS solution services	806,223	1,033,754	1,850,386	337,978	498,792
Total revenue from contracts with customers	<u>13,927,289</u>	<u>18,145,464</u>	<u>23,704,539</u>	<u>4,747,555</u>	<u>6,847,522</u>
Timing of revenue recognition					
Services transferred at a point in time	1,272,801	1,224,728	1,457,963	223,093	330,541
Services transferred over time	12,654,488	16,920,736	22,246,576	4,524,462	6,516,981
Total revenue from contracts with customers	<u>13,927,289</u>	<u>18,145,464</u>	<u>23,704,539</u>	<u>4,747,555</u>	<u>6,847,522</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the years 2019, 2020 and 2021, the three months ended 31 March 2021 and 2022:

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	<u>2,398,375</u>	<u>3,067,138</u>	<u>3,546,374</u>	<u>1,213,031</u>	<u>1,677,499</u>

Performance obligations

For community space living consumption services (except for real estate brokerage and lease management services, and carpark space sales assistance services) and commercial and urban space integrated services, the performance obligation is satisfied over time as services are rendered to customers. The Group bills the amount for services provided on a monthly basis or pre-charges service fee on annual basis which will be paid shortly after invoice. The Group has elected the practical expedient as described in IFRS 15.121(b) for not to disclose the remaining performance obligations for these types of contracts.

For smart property solutions, the sale of equipment and installation services are highly interdependent, thus, customers cannot benefit from the equipment or installation services either on their own or together with other resources that are readily available to the customer. A bundle of the sale of equipment and installation services is accounted for as a single performance obligation. The performance obligation is satisfied overtime as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

6. OTHER INCOME AND GAINS

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Interest income	36,337	39,889	85,189	12,624	10,473
Government grants*	80,807	133,764	172,090	34,345	44,859
Fair value gains on financial assets at fair value through profit or loss	48,712	55,125	50,389	21,018	5,384
Gain on disposal of investment properties**	156,299	130,659	80,852	17,950	8,653
Other non-operating income***	2,402	11,436	28,798	5,471	15,287
	<u>324,557</u>	<u>370,873</u>	<u>417,318</u>	<u>91,408</u>	<u>84,656</u>

* There are no unfulfilled conditions or contingencies relating to these grants.

** The Group's investment properties primarily consist of the use right of car parking spaces, which are purchased from the controlling shareholder and leased to third parties.

*** The group's non-operating income mainly represents the compensation income charged to counter parties associated with the non-compliance or breach of contracts by the counter parties.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Interest on bank loans	353	6,811	351	82	583
Interest on lease liabilities	5,915	7,617	9,856	2,498	2,434
	<u>6,268</u>	<u>14,428</u>	<u>10,207</u>	<u>2,580</u>	<u>3,017</u>

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Three months ended 31 March	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
Cost of services provided . . .		10,996,498	14,167,002	18,713,553	3,853,109	5,562,289
Cost of inventories sold		462,397	613,732	970,974	195,291	294,364
Depreciation of property, plant and equipment*	14	55,252	55,846	103,804	17,024	26,783
Depreciation of right-of-use assets*	16	61,620	63,822	82,325	19,792	24,950
Depreciation of investment properties*	15	13,984	13,223	15,734	6,934	2,726
Amortisation of intangible assets*	17	112,282	80,896	193,441	20,488	127,152
Research and development costs		203,608	249,457	373,686	79,259	105,186
Lease payments not included in the measurement of lease liabilities	16	32,493	44,265	49,780	15,361	18,591
Auditors' remuneration		1,780	2,100	2,125	525	531
Employee benefit expense (excluding directors' and chief executive's remuneration (note 9)):						
Wages and salaries		6,158,353	5,536,756	7,160,261	1,490,777	2,182,354
Equity-settled share-based payment		–	34,439	–	–	–
Pension costs, housing funds, medical insurances and other social insurances. . . .		1,011,125	588,690	1,290,701	251,351	381,714
		7,169,478	6,159,885	8,450,962	1,742,128	2,564,068
Foreign exchange differences, net**		2,706	598	497	(202)	99
Impairment losses on financial assets, net:						
Impairment of trade and retention receivables, net . .	24	11,395	9,900	6,847	15,639	33,828
Impairment of financial assets included in prepayments, deposits and other receivables, net	25	131,985	107,396	61,822	12,168	47,748
		143,380	117,296	68,669	27,807	81,576
Provision of litigation expenses	31	(55)	19,651	16,073	2,537	1,117
Fair value gains, net:						
Financial assets at fair value through profit or loss	6	(48,712)	(55,125)	(50,389)	(21,018)	(5,384)
Interest income	6	(36,337)	(39,889)	(85,189)	(12,624)	(10,473)
Gain on disposal of investment properties	6	(156,299)	(130,659)	(80,852)	(17,950)	(8,653)
(Gain)/loss on disposal of items of property, plant and equipment		(243)	455	1,589	27	(134)
Gain on disposal of a subsidiary		–	(8,604)	(26)	–	–
Gain on disposal of joint ventures and associates . . .		–	(569)	–	–	(11,557)

* The depreciation and amortisation included in the cost of service provided aggregated to RMB168,197,000, RMB138,215,000, RMB309,578,000, RMB43,710,000 and RMB152,484,000 for the years ended 31 December 2019, 2020 and 2021, the three months ended 31 March 2021 and 2022, respectively.

** Included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

9. DIRECTORS' REMUNERATION

(a) Independent non-executive directors

During the Relevant Periods in February 2022, Mr. Chen Yuyu, Ms. Luo Junmei, Mr. Shen Haipeng and Mr. Song Yunfeng were appointed as independent non-executive directors of the Company.

(b) Executive, non-executive directors and Supervisors

Year ended 31 December 2019	Fees	Salaries, allowances and benefits in kind	Retention and discretionary bonuses	Equity-settled share-based payment	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Zhu Baoquan	–	1,313	11,112	–	90	12,515
Mr. He Shuhua	–	737	2,350	–	69	3,156
Non-executive directors:						
Mr. Yao Jinbo	120	–	–	–	–	120
Mr. Wang Wenjin*	–	–	–	–	–	–
Mr. Zhang Xu*	–	–	–	–	–	–
Mr. Sun Jia*	–	–	–	–	–	–
Mr. Zhou Qi*	–	–	–	–	–	–
Supervisors:						
Ms. Xiang Yun	–	588	–	–	–	588
Ms. Bao Qian	–	287	374	–	65	726
Ms. Han Huihua*	–	–	–	–	–	–
	<u>120</u>	<u>2,925</u>	<u>13,836</u>	<u>–</u>	<u>224</u>	<u>17,105</u>

Year ended 31 December 2020	Fees	Salaries, allowances and benefits in kind	Retention and discretionary bonuses	Equity-settled share-based payment	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Zhu Baoquan	–	1,236	13,521	–	48	14,805
Mr. He Shuhua	–	737	2,721	1,384	63	4,905
Non-executive directors:						
Mr. Yao Jinbo	120	–	–	–	–	120
Mr. Wang Wenjin*	–	–	–	–	–	–
Mr. Zhang Xu*	–	–	–	–	–	–
Mr. Sun Jia*	–	–	–	–	–	–
Mr. Zhou Qi*	–	–	–	–	–	–
Supervisors:						
Ms. Xiang Yun	–	588	–	–	–	588
Ms. Bao Qian	–	99	–	–	15	114
Ms. Han Huihua*	–	–	–	–	–	–
	<u>120</u>	<u>2,660</u>	<u>16,242</u>	<u>1,384</u>	<u>126</u>	<u>20,532</u>

Year ended 31 December 2021	Fees	Salaries, allowances and benefits in kind	Retention and discretionary bonuses	Equity-settled share-based payment	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Zhu Baoquan	–	1,459	10,951	–	86	12,496
Mr. He Shuhua	–	737	2,857	–	82	3,676
Non-executive Directors:						
Mr. Yao Jinbo	120	–	–	–	–	120
Mr. Wang Wenjin*	–	–	–	–	–	–
Mr. Zhang Xu*	–	–	–	–	–	–
Mr. Sun Jia*	–	–	–	–	–	–
Mr. Zhou Qi*	–	–	–	–	–	–
Supervisors:						
Ms. Xiang Yun	–	588	–	–	17	605
Ms. Han Huihua*	–	–	–	–	–	–
Mr. Wu Jianxia	–	509	1,592	–	76	2,177
	<u>120</u>	<u>3,293</u>	<u>15,400</u>	<u>–</u>	<u>261</u>	<u>19,074</u>

Three months ended 31 March 2021 (unaudited)	Fees	Salaries, allowances and benefits in kind	Retention and discretionary bonuses	Equity-settled share-based payment	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Zhu Baoquan	–	309	3,380	–	23	3,712
Mr. He Shuhua	–	184	680	–	19	883
Non-executive directors:						
Mr. Yao Jinbo	30	–	–	–	–	30
Mr. Wang Wenjin*	–	–	–	–	–	–
Mr. Zhang Xu*	–	–	–	–	–	–
Mr. Sun Jia*	–	–	–	–	–	–
Mr. Zhou Qi*	–	–	–	–	–	–
Supervisors:						
Ms. Xiang Yun	–	147	–	–	–	147
Ms. Han Huihua*	–	–	–	–	–	–
Mr. Wu Jianxia	–	141	308	–	19	468
	<u>30</u>	<u>781</u>	<u>4,368</u>	<u>–</u>	<u>61</u>	<u>5,240</u>

Three months ended 31 March 2022						Pension costs, housing funds, medical insurances and other social insurances	Total
	Fees	Salaries, allowances and benefits in kind	Retention and discretionary bonuses	Equity-settled share-based payment			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Executive directors:							
Mr. Zhu Baoquan	–	279	2,381	–	23	2,683	
Mr. He Shuhua	–	184	721	–	23	928	
Non-executive directors:							
Mr. Yao Jinbo	30	–	–	–	–	30	
Mr. Wang Wenjin*	–	–	–	–	–	–	
Mr. Zhang Xu*	–	–	–	–	–	–	
Mr. Sun Jia*	–	–	–	–	–	–	
Mr. Zhou Qi*	–	–	–	–	–	–	
Supervisors:							
Ms. Xiang Yun	–	147	–	–	–	147	
Ms. Han Huihua*	–	–	–	–	–	–	
Mr. Wu Jianxia	–	142	492	–	23	657	
	<u>30</u>	<u>752</u>	<u>3,594</u>	<u>–</u>	<u>69</u>	<u>4,445</u>	

In February 2011, Mr. Zhu Baoquan was appointed as a director of the Company. In January 2016, Mr. He Shuhua was appointed as a director of the Company. In February 2017, Mr. Wang Wenjin, Mr. Zhou Qi and Mr. Yao Jinbo were appointed as directors of the Company. In January 2016, Mr. Zhang Xu was appointed as a director of the Company. In January 2018, Mr. Sun Jia was appointed as a director of the Company.

In January 2016, Ms. Xiang Yun was appointed as a supervisor of the Company. In January 2018, Ms. Han Huihua and Ms. Bao Qian were appointed as supervisors of the Company. In February 2021, Mr. Wu Jianxia was appointed as a supervisor of the Company and Ms. Bao Qian resigned from the position as a supervisor of the Company.

* The emoluments of Mr. Wang Wenjin, Mr. Zhang Xu, Mr. Sun Jia, Mr. Zhou Qi and Ms. Han Huihua in relation to their services rendered for the Group for the Relevant Period were borne by China Vanke and not allocated to the Group as management of the Company considers there is no reasonable basis for such allocation.

10. FIVE HIGHEST PAID EMPLOYEES

Two directors were included in the five highest paid employees during the years ended 31 December 2019, 2020 and 2021, and the three months ended 31 March 2021 and 2022, details of whose remuneration are set out in note 9 above. The remunerations of the remaining 3 individuals for the years ended 31 December 2019, 2020 and 2021, the three months ended 31 March 2021 and 2022, respectively, are as follows:

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,928	1,967	2,201	510	592
Discretionary bonuses	6,044	6,849	7,451	1,907	1,735
Pension costs, housing funds, medical insurances and other social insurances	<u>262</u>	<u>206</u>	<u>259</u>	<u>61</u>	<u>71</u>
	<u>8,234</u>	<u>9,022</u>	<u>9,911</u>	<u>2,478</u>	<u>2,398</u>

(unaudited)

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
RMB500,001 to RMB1,000,000	–	–	–	3	3
RMB1,000,001 to RMB1,500,000 . . .	–	–	–	–	–
RMB1,500,001 to RMB2,000,000 . . .	–	–	–	–	–
RMB2,000,001 to RMB2,500,000 . . .	1	–	–	–	–
RMB2,500,001 to RMB3,000,000 . . .	1	1	–	–	–
Over RMB3,000,000	1	2	3	–	–
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the Relevant Periods and the three months ended 31 March 2021, no highest paid employees waived or agreed to waive any remuneration.

11. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The provision for Mainland China current income tax was based on a statutory rate of 25% of the taxable profits for the Relevant Periods as determined in accordance with the PRC Income Tax Law and the respective regulations.

Under the Law of the PRC on Enterprise Income Tax (“EIT”) and Implementation Regulation of the Enterprise Income Tax Law, the tax rate of the PRC subsidiaries are (i) 25% for the Relevant Periods, or (ii) 15% if qualified as high and new technology enterprises or registered in the western region, Shenzhen Qianhai region and Guangdong Hengqin region of the PRC.

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group has no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

The major components of income tax expenses for the Relevant Periods and the three months ended 31 March 2021 are as follows:

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Current – PRC	420,452	595,280	616,529	121,001	165,709
Deferred tax (<i>note 22</i>)	<u>(6,010)</u>	<u>(5,262)</u>	<u>(10,811)</u>	<u>(14,476)</u>	<u>(57,224)</u>
Total tax charge for the year/period	<u>414,442</u>	<u>590,018</u>	<u>605,718</u>	<u>106,525</u>	<u>108,485</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December						Three months ended 31 March			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Profit before tax	<u>1,454,721</u>		<u>2,108,873</u>		<u>2,320,009</u>		<u>393,958</u>		<u>427,237</u>	
Tax at the statutory tax rate.	363,680	25.0	527,218	25.0	580,002	25.0	98,490	25.0	106,809	25.0
Lower tax rate for specific provinces or enacted by local authority	(48,867)	(3.4)	(48,534)	(2.3)	(50,387)	(2.2)	(9,914)	(2.5)	(9,309)	(2.2)
Profits and losses attributable to joint ventures and associates . .	(5,224)	(0.4)	(14,036)	(0.7)	(8,376)	(0.4)	1,776	0.5	1,082	0.3
Super deduction for research and development expenses	(22,060)	(1.5)	(32,736)	(1.6)	(38,972)	(1.7)	(7,281)	(1.8)	(9,170)	(2.1)
Expenses not deductible for tax*	89,586	6.3	125,064	6.0	59,314	2.6	14,304	3.5	17,858	4.1
Tax losses utilised from previous periods	(14,021)	(1.0)	(18,411)	(0.9)	(11,993)	(0.5)	(6,085)	(1.5)	(14,973)	(3.5)
Tax losses and temporary difference not recognised	<u>51,348</u>	<u>3.5</u>	<u>51,453</u>	<u>2.5</u>	<u>76,130</u>	<u>3.3</u>	<u>15,235</u>	<u>3.8</u>	<u>16,188</u>	<u>3.8</u>
Tax charge at the effective rate	<u>414,442</u>	<u>28.5</u>	<u>590,018</u>	<u>28.0</u>	<u>605,718</u>	<u>26.1</u>	<u>106,525</u>	<u>27.0</u>	<u>108,485</u>	<u>25.4</u>

* The nature of “Expenses not deductible for tax” mainly represented certain impairment losses of prepayments, deposits and other receivables recognized, the welfare and entertainment expenses exceeding the tax deduction limits under EIT law and some miscellaneous non-deductible expenses incurred during the Relevant Periods and the three months ended 31 March 2021.

The shares of tax attributable to associates and joint ventures aggregated to RMB5,224,000, RMB14,036,000, RMB8,376,000, RMB(1,776,000) and RMB(1,082,000) for the years ended 31 December 2019, 2020 and 2021, and the three months ended 31 March 2021 and 2022, respectively, which are included in “Share of profits and losses of joint ventures and associates” in the consolidated statement of profit or loss.

The Group has elected to file combined tax return incorporating assessable profit and tax losses attributable to the group as well as certain properties which are managed by the Group under management remuneration basis. As a result of such arrangement, the Group is able to temporarily utilise tax losses from managing properties, resulting in deferral of payment of certain provision. The utilisation of such tax losses from managing properties and the deferral of the Group’s payment of EIT provision had no effect on the consolidated income statement during the Relevant Periods. For financial accounting purposes, the Group has made relevant provision by debiting the income tax expenses and crediting tax liabilities based on assessable profits at the applicable tax rates of their property management subsidiaries.

12. DIVIDENDS

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Dividends declared by the Company to the shareholders . . .	<u>247,100</u>	<u>317,700</u>	<u>3,537,000</u>	<u>–</u>	<u>–</u>

13. EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit for the Relevant Periods and the three months ended 31 March 2021 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the Relevant Periods and the three months ended 31 March 2021, as adjusted to reflect the rights issue during the Relevant Periods and the three months ended 31 March 2021.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019, 2020 and 2021, and the three months ended 31 March 2021 and 2022.

The calculation of basic earnings per share is based on:

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
				<i>(unaudited)</i>	
<u>Earnings</u>					
Earning attributable to the owner of the parent, used in the basic earnings per share calculation (RMB'000).	1,019,894	1,464,039	1,667,642	281,609	311,651
<u>Shares</u>					
Weighted average number of ordinary shares in issue during the year/period used in the basic earnings per share calculation	1,000,000,000	1,000,000,000	1,013,261,151	1,000,000,000	1,050,420,000
Basic and diluted earnings per share (RMB).	1.02	1.46	1.65	0.28	0.30

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and motor vehicles	Electronic and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019:					
Cost	177,597	58,098	158,296	89,767	483,758
Accumulated depreciation	<u>(31,522)</u>	<u>(31,493)</u>	<u>(116,025)</u>	<u>(38,816)</u>	<u>(217,856)</u>
Net carrying amount.	<u>146,075</u>	<u>26,605</u>	<u>42,271</u>	<u>50,951</u>	<u>265,902</u>
At 1 January 2019, net of accumulated depreciation	146,075	26,605	42,271	50,951	265,902
Additions	1,090	26,370	24,580	33,606	85,646
Depreciation provided during the year	(5,732)	(9,333)	(16,834)	(23,353)	(55,252)
Disposals	<u>(91)</u>	<u>(1,681)</u>	<u>(2,206)</u>	<u>–</u>	<u>(3,978)</u>
At 31 December 2019, net of accumulated depreciation	<u>141,342</u>	<u>41,961</u>	<u>47,811</u>	<u>61,204</u>	<u>292,318</u>
At 31 December 2019:					
Cost	177,695	80,241	177,533	123,373	558,842
Accumulated depreciation	<u>(36,353)</u>	<u>(38,280)</u>	<u>(129,722)</u>	<u>(62,169)</u>	<u>(266,524)</u>
Net carrying amount.	<u>141,342</u>	<u>41,961</u>	<u>47,811</u>	<u>61,204</u>	<u>292,318</u>
At 1 January 2020:					
Cost	177,695	80,241	177,533	123,373	558,842
Accumulated depreciation	<u>(36,353)</u>	<u>(38,280)</u>	<u>(129,722)</u>	<u>(62,169)</u>	<u>(266,524)</u>
Net carrying amount.	<u>141,342</u>	<u>41,961</u>	<u>47,811</u>	<u>61,204</u>	<u>292,318</u>
At 1 January 2020, net of accumulated depreciation	141,342	41,961	47,811	61,204	292,318
Additions	1,152	24,862	104,034	11,312	141,360
Acquisition of subsidiaries	–	–	1,499	1,014	2,513
Depreciation provided during the year	(6,110)	(12,953)	(17,678)	(19,105)	(55,846)
Disposal of subsidiaries	–	(899)	–	(2,857)	(3,756)
Disposals	<u>(15,550)</u>	<u>(2,085)</u>	<u>(1,347)</u>	<u>–</u>	<u>(18,982)</u>
At 31 December 2020, net of accumulated depreciation	120,834	50,886	134,319	51,568	357,607
At 31 December 2020:					
Cost	151,972	98,641	279,211	132,956	662,780
Accumulated depreciation	<u>(31,138)</u>	<u>(47,755)</u>	<u>(144,892)</u>	<u>(81,388)</u>	<u>(305,173)</u>
Net carrying amount.	<u>120,834</u>	<u>50,886</u>	<u>134,319</u>	<u>51,568</u>	<u>357,607</u>

	Buildings	Machinery and motor vehicles	Electronic and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021:					
Cost	151,972	98,641	279,211	132,956	662,780
Accumulated depreciation	(31,138)	(47,755)	(144,892)	(81,388)	(305,173)
Net carrying amount.	<u>120,834</u>	<u>50,886</u>	<u>134,319</u>	<u>51,568</u>	<u>357,607</u>
At 1 January 2021, net of accumulated depreciation	120,834	50,886	134,319	51,568	357,607
Additions	58,638	30,967	111,430	27,271	228,306
Acquisition of subsidiaries	4,840	10,358	16,163	13,912	45,273
Depreciation provided during the year	(3,555)	(13,867)	(62,663)	(23,719)	(103,804)
Disposals	(170)	(1,043)	(25,530)	–	(26,743)
At 31 December 2021, net of accumulated depreciation	180,587	77,301	173,719	69,032	500,639
At 31 December 2021:					
Cost	215,447	144,349	400,457	174,138	934,391
Accumulated depreciation	(34,860)	(67,048)	(226,738)	(105,106)	(433,752)
Net carrying amount.	<u>180,587</u>	<u>77,301</u>	<u>173,719</u>	<u>69,032</u>	<u>500,639</u>
At 1 January 2022:					
Cost	215,447	144,349	400,457	174,138	934,391
Accumulated depreciation	(34,860)	(67,048)	(226,738)	(105,106)	(433,752)
Net carrying amount.	<u>180,587</u>	<u>77,301</u>	<u>173,719</u>	<u>69,032</u>	<u>500,639</u>
At 1 January 2022, net of accumulated depreciation	180,587	77,301	173,719	69,032	500,639
Additions	–	9,418	12,141	13,766	35,325
Depreciation provided during the period.	(1,739)	(5,791)	(9,327)	(9,926)	(26,783)
Disposals	–	(212)	(225)	–	(437)
At 31 March 2022, net of accumulated depreciation	<u>178,848</u>	<u>80,716</u>	<u>176,308</u>	<u>72,872</u>	<u>508,744</u>
At 31 March 2022:					
Cost	215,447	153,049	409,815	187,905	966,216
Accumulated depreciation	(36,599)	(72,333)	(233,507)	(115,033)	(457,472)
Net carrying amount.	<u>178,848</u>	<u>80,716</u>	<u>176,308</u>	<u>72,872</u>	<u>508,744</u>

At 31 December 2019, 2020 and 2021 and 31 March 2022, no property, plant and equipment was pledged.

15. INVESTMENT PROPERTIES

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January:				
Cost	936,188	870,536	900,550	721,860
Accumulated depreciation	(54,279)	(59,752)	(62,363)	(64,750)
Net carrying amount.	<u>881,909</u>	<u>810,784</u>	<u>838,187</u>	<u>657,110</u>
At 1 January, net of accumulated depreciation . . .	881,909	810,784	838,187	657,110
Additions	132,225	220,647	14,495	–
Depreciation provided during the year/period . .	(13,984)	(13,223)	(15,734)	(2,726)
Disposals	(189,366)	(180,021)	(179,838)	(28,377)
At 31 December/March, net of accumulated depreciation	<u>810,784</u>	<u>838,187</u>	<u>657,110</u>	<u>626,007</u>
At 31 December/March:				
Cost	870,536	900,550	721,860	693,119
Accumulated depreciation	(59,752)	(62,363)	(64,750)	(67,112)
Net carrying amount.	<u>810,784</u>	<u>838,187</u>	<u>657,110</u>	<u>626,007</u>

The Group's investment properties primarily consist of carpark spaces. The Group measures its investment properties at historical cost, including transaction costs.

The fair values of the Group's investment properties were approximately RMB1,679,724,000, RMB1,336,178,000, RMB1,243,456,000 and RMB1,156,734,000 as at 31 December 2019, 2020 and 2021 and 31 March 2022, respectively. These fair values are determined by the directors of the Company with reference to mainly the valuation performed, using the discounted cash flow ("DCF") approach and the direct market comparison ("DMC").

The valuation for completed properties was arrived at by considering the capitalised income derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

The fair value of the investment properties is categorised into Level 3 valuations, i.e., fair value measured using significant unobservable inputs, as defined in IFRS 13 *Fair Value Measurement*.

16. LEASE

The Group as lessee

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the Relevant Periods:

Right-of-use assets:	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January	205,730	184,298	225,987	253,086
Additions	40,188	107,683	94,533	34,423
Acquisition of subsidiaries	–	–	14,891	–
Depreciation provided during the year/period.	(61,620)	(63,822)	(82,325)	(24,950)
Disposal of subsidiaries	–	(2,172)	–	–
As at 31 December/March.	<u>184,298</u>	<u>225,987</u>	<u>253,086</u>	<u>262,559</u>
Lease liabilities:	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	205,730	182,001	225,764	250,547
New leases	40,188	107,683	94,533	34,423
Additions as a result of acquisition of subsidiaries	–	–	12,246	–
Accretion of interest recognised during the year/period	5,915	7,617	9,856	2,434
Disposal of subsidiaries	–	(2,349)	–	–
Payments	(69,832)	(69,188)	(91,852)	(22,895)
Carrying amount at 31 December/March	<u>182,001</u>	<u>225,764</u>	<u>250,547</u>	<u>264,509</u>
Analysed into:				
Current	56,505	80,477	100,938	102,952
Non-current	<u>125,496</u>	<u>145,287</u>	<u>149,609</u>	<u>161,557</u>

The amounts recognised in profit or loss in relation to leases are as follows:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation expense of right-of-use assets.	61,620	63,822	82,325	24,950
Interest expense on lease liabilities	5,915	7,617	9,856	2,434
Expense relating to short-term leases/leases of low-value assets	<u>32,493</u>	<u>44,265</u>	<u>49,780</u>	<u>18,591</u>
	<u>100,028</u>	<u>115,704</u>	<u>141,961</u>	<u>45,975</u>

The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 36(b) and 40, respectively, to the Historical Financial Information.

17. INTANGIBLE ASSETS

	Customer relationship	Goodwill	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019:				
Cost	598,254	–	–	598,254
Accumulated amortisation	(217,566)	–	–	(217,566)
Net carrying amount	<u>380,688</u>	<u>–</u>	<u>–</u>	<u>380,688</u>
At 1 January 2019, net of accumulated amortisation				
	380,688	–	–	380,688
Additions	12,190	–	–	12,190
Amortisation provided during the year	(112,282)	–	–	(112,282)
At 31 December 2019, net of accumulated amortisation	<u>280,596</u>	<u>–</u>	<u>–</u>	<u>280,596</u>
At 31 December 2019:				
Cost	610,444	–	–	610,444
Accumulated amortisation	(329,848)	–	–	(329,848)
Net carrying amount	<u>280,596</u>	<u>–</u>	<u>–</u>	<u>280,596</u>
	Customer relationship	Goodwill	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020:				
Cost	610,444	–	–	610,444
Accumulated amortisation	(329,848)	–	–	(329,848)
Net carrying amount	<u>280,596</u>	<u>–</u>	<u>–</u>	<u>280,596</u>
At 1 January 2020, net of accumulated amortisation				
	280,596	–	–	280,596
Acquisition of subsidiaries	303,100	80,208	–	383,308
Amortisation provided during the year	(80,896)	–	–	(80,896)
At 31 December 2020, net of accumulated amortisation	<u>502,800</u>	<u>80,208</u>	<u>–</u>	<u>583,008</u>
At 31 December 2020:				
Cost	913,544	80,208	–	993,752
Accumulated amortisation	(410,744)	–	–	(410,744)
Net carrying amount	<u>502,800</u>	<u>80,208</u>	<u>–</u>	<u>583,008</u>

	Customer relationship	Goodwill	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021:				
Cost	913,544	80,208	–	993,752
Accumulated amortisation	(410,744)	–	–	(410,744)
Net carrying amount	<u>502,800</u>	<u>80,208</u>	<u>–</u>	<u>583,008</u>
At 1 January 2021, net of accumulated				
amortisation	502,800	80,208	–	583,008
Additions	70,198	–	200	70,398
Acquisition of subsidiaries	4,156,250	3,620,014	7,860	7,784,124
Amortisation provided during the year	(193,021)	–	(420)	(193,441)
At 31 December 2021, net of accumulated	<u>4,536,227</u>	<u>3,700,222</u>	<u>7,640</u>	<u>8,244,089</u>
amortisation				
At 31 December 2021:				
Cost	5,139,992	3,700,222	12,097	8,852,311
Accumulated amortisation	(603,765)	–	(4,457)	(608,222)
Net carrying amount	<u>4,536,227</u>	<u>3,700,222</u>	<u>7,640</u>	<u>8,244,089</u>
	Customer relationship	Goodwill	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022:				
Cost	5,139,992	3,700,222	12,097	8,852,311
Accumulated amortisation	(603,765)	–	(4,457)	(608,222)
Net carrying amount	<u>4,536,227</u>	<u>3,700,222</u>	<u>7,640</u>	<u>8,244,089</u>
At 1 January 2022, net of accumulated				
amortisation	4,536,227	3,700,222	7,640	8,244,089
Additions	262,910	–	–	262,910
Amortisation provided during the period	(126,912)	–	(240)	(127,152)
At 31 March 2022, net of accumulated	<u>4,672,225</u>	<u>3,700,222</u>	<u>7,400</u>	<u>8,379,847</u>
amortisation				
At 31 March 2022:				
Cost	5,402,902	3,700,222	12,097	9,115,221
Accumulated amortisation	(730,677)	–	(4,697)	(735,374)
Net carrying amount	<u>4,672,225</u>	<u>3,700,222</u>	<u>7,400</u>	<u>8,379,847</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to each acquired subsidiary as the cash-generating units (“CGUs”) for impairment testing:

- CWVS Holding Limited CGU
- Fujian Bon Property Group Co., Ltd. (the “Bon Property”) CGU
- Shanghai Yango Intelligent Life Service Group Co., Ltd. (the “Yango Intelligent”) CGU

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	As at 31 December		As at
	2020	2021	31 March
	RMB'000	RMB'000	2022
			RMB'000
CWVS Holding Limited.	80,208	80,208	80,208
Bon Property	–	1,205,097	1,205,097
Yango Intelligent	–	2,414,917	2,414,917
	<u>80,208</u>	<u>3,700,222</u>	<u>3,700,222</u>

The recoverable amounts of the CGUs are determined based on value-in-use of the CGUs to which the goodwill is allocated. These calculations use pre-tax cash flow projections based on financial budgets of the CGUs approved by management covering a five-year period. Cash flow beyond the five-year period are extrapolated using the estimated terminal growth rates below. The growth rates do not exceed the long-term average growth rate for the related industry in which the CGUs operate. The pre-tax discount rates below reflect specific risks relating to the relevant industry and the CGUs themselves and macro-environment of the relevant region.

The key assumptions used in the estimation of value in use were as follow:

	As at 31 December		As at
	2020	2021	31 March
			2022
Annual growth rate of revenue	10%~28%	3%~24%	3%~24%
Long-term growth rate	2%	2%	2%
Pre-tax discount rate.	18%	16%~17%	16%~17%

The details of headroom of the Group’s goodwill impairment testing were as follows:

	As at 31 December		As at
	2020	2021	31 March
			2022
CWVS Holding Limited.	99,450	320,031	324,325
Bon Property	–	28,436	32,305
Yango Intelligent.	–	132,634	132,980

The Group assessed the impairment on goodwill at the end of each of the Relevant Periods and the recoverable amounts of each CGUs had exceeded each of their carrying amounts, and hence the goodwill was not regarded as impaired.

No impairment provision was considered necessary if the key assumptions were to change as follows:

	As at 31 December				As at 31 March	
	2020		2021		2022	
	From	To	From	To	From	To
Annual growth rate of revenue	10% ~ 28%	4% ~ 21%	3% ~ 24%	1% ~ 22%	3% ~ 24%	1% ~ 22%
Long-term growth rate	2%	Nil	2%	Nil	2%	Nil
Pre-tax discount rate	18%	20%	16% ~ 17%	17% ~ 21%	16% ~ 17%	16% ~ 22%

18. INVESTMENTS IN JOINT VENTURES

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	36,630	727,145	762,838	760,673
Goodwill on acquisition	29,056	256,834	256,834	256,834
	<u>65,686</u>	<u>983,979</u>	<u>1,019,672</u>	<u>1,017,507</u>

There is no individually material joint venture of the Group.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the joint ventures' profit for the year/period	7,564	44,349	(12,331)	(2,165)
Share of the joint ventures' total comprehensive income	7,564	44,349	(12,331)	(2,165)
Aggregate carrying amount of the Group' investments in the joint ventures	65,686	983,979	1,019,672	1,017,507

The investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred post acquisition and that loss event (or events) has an impact on the estimated future cash flows from the investment that can be reliably estimated. The Group assessed that there is no objective evidence that the investment is impaired at the end of each Relevant Periods.

19. INVESTMENTS IN ASSOCIATES

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
Share of net assets	290,153	405,407	439,602	440,745
Goodwill on acquisition	163,933	300,161	327,416	327,416
Loans to associates.	26,097	21,613	26,542	–
	<u>480,183</u>	<u>727,181</u>	<u>793,560</u>	<u>768,161</u>

There is no individually material associate of the Group.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
Share of the associates' profit for the year/period	13,330	11,795	45,835	(2,163)
Share of the associates' total comprehensive income	13,330	11,795	45,835	(2,163)
Aggregate carrying amount of the Group' investments in the associates.	480,183	727,181	793,560	768,161

The investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred post acquisition and that loss event (or events) has an impact on the estimated future cash flows from the investment that can be reliably estimated. The Group assessed that there is no objective evidence that the investment is impaired at the end of each Relevant Periods.

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
Listed equity investments, at fair value				
Cushman & Wakefield plc	<u>1,502,802</u>	<u>1,018,438</u>	<u>1,497,461</u>	<u>1,377,510</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Wealth management products	<u>55,033</u>	<u>10,000</u>	<u>3,664</u>	<u>6,397</u>
Non-current:				
Equity investments designated at fair value through profit or loss				
– Unlisted equity investments, at fair value.	<u>9,000</u>	<u>976</u>	<u>976</u>	<u>976</u>

The above equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

The above unlisted investments mainly were wealth management products issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

22. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

	Notes	Accrued expenses	Allowance for impairment of receivables	Tax Losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019		4,174	2,648	–	6,822
Deferred tax credited to/(charged to) profit or loss during the year	11	<u>2,509</u>	<u>(7)</u>	<u>3,508</u>	<u>6,010</u>
At 31 December 2019 and 1 January 2020		6,683	2,641	3,508	12,832
Deferred tax credited to/(charged to) profit or loss during the year	11	<u>(483)</u>	<u>935</u>	<u>(2,767)</u>	<u>(2,315)</u>
Deferred taxes acquired in business combinations	35	<u>5,420</u>	<u>1,439</u>	<u>–</u>	<u>6,859</u>
At 31 December 2020 and 1 January 2021		11,620	5,015	741	17,376
Deferred tax credited to/(charged to) profit or loss during the year	11	<u>4,013</u>	<u>(6,774)</u>	<u>(5,998)</u>	<u>(8,759)</u>
Deferred taxes acquired in business combinations	35	<u>11,717</u>	<u>23,718</u>	<u>12,755</u>	<u>48,190</u>
At 31 December 2021 and 1 January 2022		<u>27,350</u>	<u>21,959</u>	<u>7,498</u>	<u>56,807</u>
Deferred tax credited to profit or loss during the period.	11	<u>2,757</u>	<u>9,259</u>	<u>17,121</u>	<u>29,137</u>
At 31 March 2022		<u>30,107</u>	<u>31,218</u>	<u>24,619</u>	<u>85,944</u>

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	<i>Notes</i>	Fair value adjustment on acquisition
		RMB'000
At 1 January 2019		–
At 31 December 2019 and 1 January 2020		–
Deferred tax credited to profit or loss during the year	<i>11</i>	(7,577)
Deferred taxes acquired in business combinations	<i>35</i>	<u>75,775</u>
At 31 December 2020 and 1 January 2021		68,198
Deferred tax credited to profit or loss during the year	<i>11</i>	(19,570)
Deferred taxes acquired in business combinations	<i>35</i>	<u>1,039,063</u>
At 31 December 2021 and 1 January 2022		<u>1,087,691</u>
Deferred tax credited to profit or loss during the period	<i>11</i>	(28,087)
At 31 March 2022		<u>1,059,604</u>

The Group has tax losses arising in Hong Kong of RMB99,490,000, RMB130,151,000, RMB140,794,000, RMB136,838,000 and RMB143,487,000 for the years ended 31 December 2019, 2020 and 2021, the three months ended 31 March 2021 and 2022, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group has tax losses arising in Mainland China of RMB195,297,000, RMB208,983,000, RMB339,001,000, RMB287,086,000 and RMB419,946,000 for the years ended 31 December 2019, 2020 and 2021, the three months ended 31 March 2021 and 2022, respectively, that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	280,755	336,170	449,803	464,957
Deductible temporary differences	<u>85,574</u>	<u>132,319</u>	<u>55,233</u>	<u>30,774</u>
	<u>366,329</u>	<u>468,489</u>	<u>505,036</u>	<u>495,731</u>

23. INVENTORIES

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	27,046	61,317	77,147	86,012
Contract costs	349,492	259,661	178,843	130,286
Low-value consumptive goods	5,501	5,755	5,306	3,632
	<u>382,039</u>	<u>326,733</u>	<u>261,296</u>	<u>219,930</u>

24. TRADE AND RETENTION RECEIVABLES

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
– Related parties (<i>note 37</i>)	1,539,697	1,880,601	2,046,328	2,160,558
– Third parties	557,116	1,129,927	2,546,988	3,834,773
Notes receivable				
– Related parties (<i>note 37</i>)	5,349	–	–	–
– Third parties	24,115	21,895	27,682	24,534
Retention receivables	21,974	25,170	28,138	30,888
	<u>2,148,251</u>	<u>3,057,593</u>	<u>4,649,136</u>	<u>6,050,753</u>
Less: Allowance for impairment of trade and retention receivables.	<u>(20,487)</u>	<u>(36,923)</u>	<u>(134,863)</u>	<u>(168,691)</u>
	<u>2,127,764</u>	<u>3,020,670</u>	<u>4,514,273</u>	<u>5,882,062</u>

Retention receivables related to revenue earned from the provision of construction of intelligent property management services for which the right to the receipt of consideration for work performed remain conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the service contracts. The retention receivables are transferred to the trade receivables when the right become unconditional, which is typically at the expiry date of the defect liability period.

Trade receivables mainly arise from commercial and urban space integrated services and AIoT and BPaaS solution services.

The Group's trading terms with its customers are mainly on credit. The credit term is normally decided on a case-by-case basis upon the acceptance of the products or the completion of service. The credit period is generally one month, extending up to three months for major customers. In view of the aforementioned and the fact that the Group's trade and retention receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and retention receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
Within 1 year	2,096,787	2,970,334	4,237,601	5,558,131
1 to 2 years	20,305	40,672	236,394	277,230
2 to 3 years	6,838	6,396	25,083	34,801
Over 3 years	3,834	3,268	15,195	11,900
	<u>2,127,764</u>	<u>3,020,670</u>	<u>4,514,273</u>	<u>5,882,062</u>

The movements in the loss allowance for impairment of trade and note receivables are as follows:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
Movements in the loss allowance for trade and retention receivables:				
At the beginning of the year/period	9,092	20,487	36,923	134,863
Impairment losses, net	11,395	9,900	6,847	33,828
Acquisition of subsidiaries	–	6,570	91,093	–
Disposal of subsidiaries	–	(34)	–	–
At the end of the year/period	<u>20,487</u>	<u>36,923</u>	<u>134,863</u>	<u>168,691</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. customer type and service type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. As at 31 December 2019, 2020 and 2021 and 31 March 2022, the Group has assessed that the expected loss rate for trade and retention receivables from related parties was minimal.

Set out below is the information about the credit risk exposure on the Group's trade and retention receivables using a provision matrix:

	Third parties			Related parties	Total
	Less than 1 year	1 to 3 years	Over 3 years		
At 31 December 2019					
Expected credit loss rate	1.39%	14.62%	67.72%	–	
Gross carrying amount (RMB'000)	559,537	31,789	11,879	1,545,046	2,148,251
Expected credit losses (RMB'000)	7,796	4,646	8,045	–	20,487
At 31 December 2020					
Expected credit loss rate	1.88%	16.85%	66.55%	–	
Gross carrying amount (RMB'000)	1,110,619	56,604	9,769	1,880,601	3,057,593
Expected credit losses (RMB'000)	20,886	9,536	6,501	–	36,923
At 31 December 2021					
Expected credit loss rate	1.96%	19.28%	65.36%	–	
Gross carrying amount (RMB'000)	2,235,030	323,911	43,867	2,046,328	4,649,136
Expected credit losses (RMB'000)	43,757	62,434	28,672	–	134,863
At 31 March 2022					
Expected credit loss rate	2.04%	19.34%	65.95%	–	
Gross carrying amount (RMB'000)	3,468,410	386,832	34,953	2,160,558	6,050,753
Expected credit losses (RMB'000)	70,837	74,801	23,053	–	168,691

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Other receivables				
– Payments on behalf of property owners for properties managed on a management remuneration basis (a)	878,040	911,715	960,684	1,096,735
– Payments on behalf of property owners for properties managed on a lump sum basis, sub-contractors and staff	310,186	473,055	470,523	668,349
– Deposits	129,257	178,986	350,839	826,695
– Purchase price due from a non-controlling shareholder of subsidiaries	151,269	–	–	–
– Other receivables.	33,857	69,590	75,737	99,183
	1,502,609	1,633,346	1,857,783	2,690,962

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	RMB'000
Less: Allowance for impairment of other receivables	(679,975)	(787,368)	(850,014)	(897,762)
	822,634	845,978	1,007,769	1,793,200
Prepayments to suppliers	322,061	394,769	328,629	367,135
Prepayments for tax	158,285	254,605	361,232	436,499
	<u>1,302,980</u>	<u>1,495,352</u>	<u>1,697,630</u>	<u>2,596,834</u>
Non-current:				
Deposits (b)				
– Amounts due from related parties (note 37) . . .	2,245,155	1,763,205	1,643,056	1,619,243
– Others	70,227	70,227	70,227	70,227
	2,315,382	1,833,432	1,713,283	1,689,470
Prepaid expenses	186,431	209,894	279,200	289,974
	<u>2,501,813</u>	<u>2,043,326</u>	<u>1,992,483</u>	<u>1,979,444</u>

Other receivables are unsecured, interest-free and repayable on demand.

- (a) The balance represented payments made on behalf of property owners for properties managed on a management remuneration basis under certain specific circumstances, including but not limited to payments of centralised procurement costs and transitional arrangements for property management projects with temporary working capital needs. Under the Group's policy, such payments on behalf of property owners must be settled within a set period of time depending on the nature of the payment. The Group did not hold any collateral over these balances.
- (b) Non-current deposits mainly consist of deposits charged by property developers for carpark space sales assistance services.

The Group has assessed that the credit risk of amounts due from related parties has not increased significantly since initial recognition. At the end of each reporting period, these receivables were categorised in stage 1 and 12-month expected losses are calculated. During the Relevant Periods, the Group considered that the expected loss of other receivables from related parties was minimal.

The Group had assessed the expected loss of other receivables from third parties and classified them into stage 1 to stage 3 for measurement of ECL. A provision matrix was used to measure expected credit losses for other receivables from third parties based on days past due, repayment history, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's other receivables using a provision matrix:

	Third parties			Related parties	Total
	Stage 1	Stage 2	Stage 3	Stage 1	
At 31 December 2019					
Expected credit loss rate	4.08%	43.29%	81.10%	–	
Gross carrying amount (RMB'000) . .	671,287	57,270	774,052	2,315,382	3,817,991
Expected credit losses (RMB'000) . .	27,396	24,792	627,787	–	679,975
At 31 December 2020					
Expected credit loss rate	5.07%	46.69%	85.71%	–	
Gross carrying amount (RMB'000) . .	751,888	16,041	865,417	1,833,432	3,466,778
Expected credit losses (RMB'000) . .	38,128	7,489	741,751	–	787,368
At 31 December 2021					
Expected credit loss rate	5.00%	45.50%	82.84%	–	
Gross carrying amount (RMB'000) . .	864,675	42,653	950,455	1,713,283	3,571,066
Expected credit losses (RMB'000) . .	43,220	19,409	787,385	–	850,014
At 31 March 2022					
Expected credit loss rate	3.58%	44.93%	54.66%	–	
Gross carrying amount (RMB'000) . .	1,110,939	59,126	1,520,897	1,689,470	4,380,432
Expected credit losses (RMB'000) . .	39,827	26,567	831,368	–	897,762

The movements in the loss allowance for impairment of other receivables are as follows:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	547,990	679,975	787,368	850,014
Impairment losses, net	131,985	107,396	61,822	47,748
Acquisition of subsidiaries	–	–	10,309	–
Disposal of subsidiaries	–	(3)	(9,485)	–
At the end of the year/period	<u>679,975</u>	<u>787,368</u>	<u>850,014</u>	<u>897,762</u>

26. CASH AND CASH EQUIVALENTS

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Cash and cash equivalents				
Cash in hand	3,213	7,557	12,318	11,888
Cash at bank	6,114,676	7,347,380	7,219,202	4,626,645
	6,117,889	7,354,937	7,231,520	4,638,533
Less: Restricted bank deposits	(162,784)	(237,978)	(305,250)	(288,435)
Time deposits with original maturity of over three months	(770,313)	(1,719,313)	(495,713)	(495,713)
	5,184,792	5,397,646	6,430,557	3,854,385
Cash and cash equivalents				
– Dominated in RMB	5,161,537	5,344,250	6,418,528	3,839,100
– Dominated in HKD	5,828	30,702	7,113	14,530
– Dominated in USD.	17,427	22,694	4,916	755
	5,184,792	5,397,646	6,430,557	3,854,385

The cash and cash equivalents of the Group are denominated in RMB and amounted to RMB5,161,537,000, RMB5,344,250,000, RMB6,418,528,000 and RMB3,839,100,000 as at 31 December 2019, 2020 and 2021 and 31 March 2022, respectively. The RMB is not free convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

The restricted bank deposits included cash received from property owners that is restricted to use in construction of properties amounting to RMB146,395,000, RMB203,374,000, RMB246,319,000 and RMB223,224,000 as at 31 December 2019, 2020 and 2021 and 31 March 2022, respectively.

27. TRADE AND NOTES PAYABLES

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Notes payables	70,527	142,056	96,747	100,839
Trade payables				
– Related parties (<i>note 37</i>)	–	472,677	184,894	79,515
– Third parties	1,623,368	1,990,166	2,961,609	3,088,324
	1,693,895	2,604,899	3,243,250	3,268,678

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
Within 1 year	1,586,976	2,485,275	2,915,974	3,014,911
1 to 2 years	57,677	52,621	277,640	212,104
2 to 3 years	32,677	27,016	21,774	20,083
Over 3 years	16,565	39,987	27,862	21,580
	<u>1,693,895</u>	<u>2,604,899</u>	<u>3,243,250</u>	<u>3,268,678</u>

The trade payables are non-interest-bearing and are normally settled on 30 to 180 days.

The fair values of trade payables as at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

28. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
Short-term advances for services	<u>3,067,138</u>	<u>3,546,374</u>	<u>4,167,711</u>	<u>4,423,000</u>

Contract liabilities of the Group mainly arise from the advance payments received from customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

29. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
Current:				
Other payables				
Amounts due to related parties (<i>note 37</i>)	652,942	446,779	519,792	568,308
Cash collected on behalf of property owners	1,506,607	1,383,868	1,988,151	2,095,605
Deposits payable	450,866	570,239	920,859	958,026
Dividends	—	—	1,280,017	949,996*
Consideration payable for equity interests	4,501	27,643	255,125	255,125
Payable for intangible assets	19,224	11,784	35,542	61,344
Accruals and other payables	<u>353,522</u>	<u>626,866</u>	<u>719,844</u>	<u>818,917</u>
	2,987,662	3,067,179	5,719,330	5,707,321
Payroll payables	1,206,369	1,309,410	1,664,794	937,200
Long-term payables within one year (<i>note 37</i>)	78,538	59,793	60,405	47,721
Other taxes payables	<u>382,915</u>	<u>310,394</u>	<u>377,453</u>	<u>235,438</u>
	<u>4,655,484</u>	<u>4,746,776</u>	<u>7,821,982</u>	<u>6,927,680</u>

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Non-current:				
Amounts held on behalf of property owners	479,968	634,607	795,463	810,390
Long term payables	45,334	26,508	20,076	7,515
	<u>525,302</u>	<u>661,115</u>	<u>815,539</u>	<u>817,905</u>

* Dividends payable to equity holders of the parent amounted to RMB847,800,000 at 31 March 2022 had been fully settled as at 30 April 2022. The rest of dividends payable amounted to RMB102,196,000, representing the dividends payable by certain of acquired subsidiaries to their original shareholders, will only be settled when their remaining cash balances (excluding restricted cash) related to operating activities, after the deduction of such dividends, are above an agreed threshold that is sufficient to cover working capital needs of these acquired subsidiaries.

Other payables and accruals with third parties and related parties are unsecured and non-interest-bearing. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

30. INTEREST-BEARING BANK BORROWINGS

	As at 31 December						As at 31 March					
	2019		2020		2021		2021		2022		2022	
	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity
Current:												
Bank loans – secured	-	-	HIBOR+1.4	2021	9,921	5	2022	7,000	-	-	-	-
Bank loans – secured	-	-	-	-	-	4.9	2022	4,500	4.90	2022	4,500	4,500
					9,921			11,500				4,500
Non-current:												
Bank loans – secured	HIBOR+1.4	2021	10,622	-	-	-	-	-	-	-	-	-
Bank loans – secured	-	-	-	2.25	2023	4,168	2.25	2023	4,087	-	-	-
			<u>10,622</u>			<u>14,089</u>			<u>15,587</u>			<u>4,500</u>

Analysed into:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Within one year or on demand	-	9,921	11,500	4,500
In the second year	10,622	-	4,087	-
In the third to fifth years, inclusive	-	4,168	-	-
	<u>10,622</u>	<u>14,089</u>	<u>15,587</u>	<u>4,500</u>

Certain of the Group's bank loans are secured by the pledge of certain of the Group's time deposits amounting to RMB10,600,000, RMB15,500,000, RMB4,900,000 and nil as at 31 December 2019, 2020 and 2021 and 31 March 2022.

Except for bank loans of approximately RMB11,500,000 as at 31 December 2021 which are denominated in Renminbi, all borrowings are in Hong Kong dollars.

31. PROVISION

	Provision for warranties (a)	Others	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2019	16,546	100	16,646
Additional provision	6,728	45	6,773
Amounts utilised during the year.	<u>(1,001)</u>	<u>(100)</u>	<u>(1,101)</u>
At 31 December 2019 and 1 January 2020	<u>22,273</u>	<u>45</u>	<u>22,318</u>
Additional provision	4,895	19,724	24,619
Amounts utilised during the year.	–	(73)	(73)
Acquisition of subsidiaries	<u>–</u>	<u>1,366</u>	<u>1,366</u>
At 31 December 2020 and 1 January 2021	<u>27,168</u>	<u>21,062</u>	<u>48,230</u>
Additional provision	8,452	16,315	24,767
Amounts utilised during the year.	–	(242)	(242)
Acquisition of subsidiaries	<u>–</u>	<u>119</u>	<u>119</u>
At 31 December 2021 and 1 January 2022	<u>35,620</u>	<u>37,254</u>	<u>72,874</u>
Additional provision	<u>5,762</u>	<u>1,117</u>	<u>6,879</u>
At 31 March 2022	<u>41,382</u>	<u>38,371</u>	<u>79,753</u>

- (a) The Group provides one to three years of warranty to their customers on smart property solutions for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

32. SHARE CAPITAL

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Issued and fully paid:				
Ordinary shares of RMB1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,050,420</u>	<u>1,050,420</u>

A summary of movements in the Company's share capital are as follows:

	<u>Number of shares in issue</u>	<u>Share capital RMB'000</u>
At 1 January 2019, 2020 and 2021	1,000,000,000	1,000,000
Share issued	<u>50,420,000</u>	<u>50,420</u>
At 31 December 2021 and 31 March 2022	<u><u>1,050,420,000</u></u>	<u><u>1,050,420</u></u>

Further details of the changes in the Company's share capital are set out in the section headed "History and Development" in the Prospectus.

33. SHARE INCENTIVE SCHEME

In June 2015, the Company adopted a business partnership scheme for employees to attract and retain talents and to enhance its competitiveness for long-term development. Accordingly, Ruida I Limited, Ruida II Limited (formerly known as WkGrowth Limited), Ruida III Limited, Ruida IV Limited and Ruida V Limited were established as the Employee Shareholding Platforms. The business partnership scheme has been further amended and consolidated as an Employee Stock Ownership Plan.

Pursuant to the Employee Stock Ownership Plan, each eligible participant would be granted partnership interests in the respective Employee Shareholding Platforms in the capacity as a limited partner and such partnership interests shall correspond to respective amounts of underlying Shares of the Company in accordance with the limited partnership subscription agreement.

The fair value of these shares at the grant date is as determined by using income approach (discounted cash flow model). As there was no vesting condition of this share-based compensation scheme, the difference of RMB35,823,000 between the fair value of the shares and consideration received was accounted for as share-based compensation expense during the year ended 31 December 2020. The key assumptions used in determining the fair value mainly included:

- Growth rate of 8% ~ 33% per annum;
- Gross profit rate of 18% ~ 20%;
- Discount rate of 14% ~ 15% per annum; and
- Lack of control discount rate of 17% ~ 22%.

34. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statement of changes in equity on pages I-8 to I-12 of the financial statements.

(i) Capital reserve

The capital reserve of the Group represents 1) the difference between the par value of the shares issued and the consideration received; 2) the excess of the consideration over the carrying amount of the non-controlling interests acquired/disposed; and 3) the fair value of the share-base payment granted, as further explained in note 33 to the Historical Financial Information.

(ii) Fair value reserve of financial assets at fair value through other comprehensive income

The fair value reserve of financial assets at fair value through other comprehensive income comprises all revaluation changes arising from the equity instruments designated at fair value through other comprehensive income.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(iv) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the group companies, each of the companies that is domiciled in the PRC is required to allocate 10% of its profit after tax, as determined in accordance with PRC GAAP, to the statutory surplus reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve is non-distributable except that in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as paid-up capital.

(b) Company

	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2019					
At 1 January 2019	1,000,000	2,278,915	127,563	330,526	3,737,004
Profit for the year	—	—	—	827,262	827,262
Total comprehensive income for the year	—	—	—	827,262	827,262
Dividends declared	—	—	—	(247,100)	(247,100)
Transferred from retained earnings	—	—	84,280	(84,280)	—
At 31 December 2019	<u>1,000,000</u>	<u>2,278,915</u>	<u>211,843</u>	<u>826,408</u>	<u>4,317,166</u>
Year ended 31 December 2020					
At 1 January 2020	1,000,000	2,278,915	211,843	826,408	4,317,166
Profit for the year	—	—	—	1,123,211	1,123,211
Total comprehensive income for the year	—	—	—	1,123,211	1,123,211
Dividends declared	—	—	—	(317,700)	(317,700)
Equity-settled share-based payment	—	35,823	—	—	35,823
Transferred from retained earnings	—	—	113,455	(113,455)	—
At 31 December 2020	<u>1,000,000</u>	<u>2,314,738</u>	<u>325,298</u>	<u>1,518,464</u>	<u>5,158,500</u>

	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2021					
At 1 January 2021	1,000,000	2,314,738	325,298	1,518,464	5,158,500
Profit for the year	—	—	—	2,246,214	2,246,214
Total comprehensive income for the year	—	—	—	2,246,214	2,246,214
Dividends declared	—	—	—	(3,537,000)	(3,537,000)
Issue of shares	50,420	4,980,261	—	—	5,030,681
Transferred from retained earnings	—	—	199,912	(199,912)	—
At 31 December 2021	<u>1,050,420</u>	<u>7,294,999</u>	<u>525,210</u>	<u>27,766</u>	<u>8,898,395</u>
Three months ended 31 March 2022					
At 1 January 2022	1,050,420	7,294,999	525,210	27,766	8,898,395
Loss for the period	—	—	—	(2,781)	(2,781)
Total comprehensive loss for the period	—	—	—	(2,781)	(2,781)
At 31 March 2022	<u>1,050,420</u>	<u>7,294,999</u>	<u>525,210</u>	<u>24,985</u>	<u>8,895,614</u>

35. BUSINESS COMBINATION

(i) Eagle Subsidiaries and CWVS Holding Limited (“CWVS”)

In December 2019, the Company entered into an agreement to cooperate with Cushman & Wakefield Pacific Holdings Limited (“Cushman & Wakefield”) in the commercial and urban space property management business through jointly investing in an entity (known as CWVS) and contributed respective property and facility management business into the entity.

The acquisition was completed on 6 January 2020 which in substance represented a share exchange arrangement of disposing 35% of the Group’s equity interest in Shenzhen Wanwu Business Enterprise Property Service Co., Ltd. (深圳萬物商企物業服務有限公司), Beijing Wanwu Business Enterprise Property Service Co., Ltd. (北京萬物商企物業服務有限公司) and Zhejiang Yaojiang Real Estate Management Co., Ltd. (浙江耀江物業管理有限公司) (collectively, the “Dragon Subsidiaries”) to Cushman & Wakefield in exchange for Cushman & Wakefield’s 65% share interest in Beijing Cushman & Wakefield Property Management Co., Ltd. (北京戴德梁行物業管理有限公司), Cushman & Wakefield (Shanghai) Co., Ltd. (戴德梁行物業諮詢(上海)有限公司), and Cushman & Wakefield Property Management Limited (collectively, the “Eagle Subsidiaries”). Immediately upon the completion of the transaction, CWVS and its subsidiaries became the subsidiaries of the Group.

The fair values of the identifiable assets and liabilities of Eagle Subsidiaries as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment		2,513
Deferred tax assets		6,859
Prepayments, deposits and other receivables		47,943
Trade and retention receivables		156,315
Intangible assets	17	303,100
Cash and cash equivalents		48,336
Trade and notes payables		(73,731)
Other payables and accruals		(167,538)
Tax payable		(39)
Contract liabilities		(27,728)
Deferred tax liabilities	22	(75,775)
Provision		(1,366)
		<u>218,889</u>
Total identifiable net assets at fair value		218,889
Non-controlling interests		(76,611)
Goodwill on acquisition	17	80,208
		<u>222,486</u>
Satisfied by:		
The Group's 35% equity interest in Dragon Subsidiaries, at fair value		<u>222,486</u>

The fair values of the trade and retention receivables and prepayments, deposits and other receivables at the date of acquisition are approximately equal to gross contractual amounts. The best estimate at acquisition date of the contractual cash flows not expected to be collected is considered as insignificant.

The non-controlling interest recognised at the acquisition date were measured by reference to the proportionate share of the fair value amounts of net assets of acquired subsidiaries.

Intangible assets of RMB303,100,000 in relation to the acquisition of subsidiaries under property and facility management services have been recognised by the Group.

Included in the goodwill of RMB80,208,000 recognised above is potential contract with new customers and assembled workforce, which is not recognised separately as it is not separable and it does not meet the criteria for recognition as an intangible asset under IAS 38 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Cash consideration	—
Cash and bank balances acquired	(48,336)
Net outflow of cash and cash equivalents included in cash flows from investing activities in 2020	<u>(48,336)</u>

Since the acquisition, Eagle Subsidiaries contributed RMB808,555,000 to the Group's revenue and RMB32,370,000 to the consolidated profit for the year ended 31 December 2020.

Had the combination taken place at the beginning of 31 December 2020, the revenue from the Group and the profit of the Group for the year ended 31 December 2020 would have been RMB18,154,839,000 and RMB1,519,605,000, respectively.

(ii) Fujian Bon Property Group Co., Ltd. (“Bon Property”)

Bon Property was founded in 2005 and is principally engaged in property management services. The acquisition was made to increase the Company's market share in Fujian Province.

In June 2021, the Company entered into a share transfer agreement with the shareholders of Bon Property to acquire the 100% equity interest in Bon Property at a cash consideration. The payment of the consideration was divided into two phrases, with the first phrase of consideration being RMB1,612,800,000, and the second phrase of consideration being determined with reference to the audited net profit of Bon Property for the year of 2021.

The acquisition was completed on 31 August 2021 when the Company obtained control of the operating and financial activities of Bon Property.

The fair values of the identifiable assets and liabilities of Bon Property as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment		14,853
Right-of-use assets		3,384
Intangible assets	17	1,236,516
Investments in joint ventures		2,223
Investments in associates		4,120
Deferred tax assets		7,116
Prepayments, deposits and other receivables		102,533
Inventories		2,622
Trade and retention receivables		256,418
Financial assets at fair value through profit or loss		8,000
Cash and cash equivalents		70,523
Other payables and accruals		(363,204)
Lease liabilities		(3,544)
Deferred tax liabilities	22	(308,275)
Trade and notes payables		(74,724)
Interest-bearing bank borrowings		(19,981)
Tax payable		(23,628)
Contract liabilities		<u>(113,424)</u>
Total identifiable net assets at fair value		801,528
Non-controlling interests		(433)
Goodwill on acquisition	17	<u>1,205,097</u>
		2,006,192
Satisfied by:		
Cash and cash equivalents		1,814,400
Contingent consideration – a financial liability at fair value through profit or loss*		<u>191,792</u>
		2,006,192

* Financial liability at fair value through profit or loss of RMB191,792,000 is a contingent consideration, which is based on the amount of profit after tax of Bon Property for the year ended 31 December 2021. The initial amount recognised was RMB191,792,000 which was determined using the discounted cash flow model and is within Level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders.

Significant unobservable valuation inputs for the fair value measurement of the contingent consideration are as follows:

Projected profit after tax of Bon Property	RMB113,400,000 to RMB138,600,000
Discount rate	3.88%

The fair values of the trade and retention receivables and prepayments, deposits and other receivables as at the date of acquisition amounted to RMB256,418,000 and RMB102,533,000, respectively. The gross contractual amounts of trade and retention receivables and prepayments, deposits and other receivables were RMB280,890,000 and RMB105,826,000, respectively, of which trade and retention receivables of RMB24,472,000 and prepayments, deposits and other receivables of RMB3,293,000 are expected to be uncollectible.

Intangible assets of RMB1,236,516,000 in relation to the acquisition of subsidiaries under property and facility management services have been recognised by the Group.

Included in the goodwill of RMB1,205,097,000 recognised above is potential contract with new customers and assembled workforce, which is not recognised separately as it is not separable and it does not meet the criteria for recognition as an intangible asset under IAS 38 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition is as follows:

	<u>RMB'000</u>
Consideration satisfied by cash and cash equivalents	1,814,400
Less: Consideration to be paid subsequent to 31 December 2021	<u>226,600</u>
Cash consideration paid during the year	1,587,800
Cash and bank balances acquired	<u>(70,523)</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>1,517,277</u></u>

Since the acquisition, Bon Property contributed RMB398,471,000 to the Group's revenue and RMB33,229,000 to the consolidated profit for the year ended 31 December 2021.

Had the combination taken place at the beginning of 31 December 2021, the revenue from the Group and the profit of the Group for the year ended 31 December 2021 would have been RMB24,436,254,000 and RMB1,721,989,000, respectively.

(iii) Shanghai Yango Intelligent Life Service Group Co., Ltd. (上海陽光智博生活服務集團有限公司) ("Yango Intelligent")

Yango Intelligent was founded in 2020 and is principally engaged in property management services. The acquisition was made to increase the Company's market share.

In September 2021, the Company entered into a capital investment agreement to acquire 100% equity interests in Yango Intelligent from its then shareholders by issue shares of the Company, which represents 4.8% of the Company's equity interest, the transaction is guarantee by the payment of an aggregate cash deposit amounted to RMB3,000,000,000, which is refundable upon the completion of the acquisition.

The acquisition was completed on 1 October 2021 when the Company obtained control of the operating and financial activities of Yango Intelligent.

The fair value of the identifiable assets and liabilities of Yango Intelligent as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment		30,420
Right-of-use assets		11,507
Intangible assets	17	2,927,594
Investments in joint ventures		360
Deferred tax assets		41,074
Prepayments, deposits and other receivables		117,390
Inventories		1,639
Trade and retention receivables		512,866
Financial assets at fair value through profit or loss		661,241
Restricted bank deposits		7,842
Cash and cash equivalents		82,988
Provision		(119)
Lease liabilities		(8,702)
Deferred tax liabilities	22	(730,788)
Trade and notes payables		(172,814)
Other payables and accruals		(539,450)
Tax payable		(54,300)
Contract liabilities		<u>(245,479)</u>
Total identifiable net assets at fair value		2,643,269
Non-controlling interests		(27,505)
Goodwill on acquisition	17	<u>2,414,917</u>
		5,030,681
Satisfied by:		
Issuance of ordinary shares which represented 4.8% of the Group's equity interest, at fair value		<u>5,030,681</u>

The fair values of the trade and retention receivables and other receivables as at the date of acquisition amounted to RMB512,866,000 and RMB117,390,000, respectively. The gross contractual amounts of trade and retention receivables and other receivables were RMB579,487,000 and RMB124,405,000 respectively, of which trade and retention receivables of RMB66,621,000 and other receivables of RMB7,015,000 are expected to be uncollectible.

Intangible assets of RMB2,927,594,000 in relation to the acquisition of subsidiaries under commercial property management services have been recognised by the Group.

Included in the goodwill of RMB2,414,917,000 recognised above is potential contract with new customers and assembled workforce, which is not recognised separately as it is not separable and it does not meet the criteria for recognition as an intangible asset under IAS 38 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Cash consideration	–
Cash and bank balances acquired	(82,988)
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(82,988)</u>

Since the acquisition, Yango Intelligent contributed RMB659,179,000 to the Group's revenue and RMB114,996,000 to the consolidated profit for the year ended 31 December 2021.

Had the combination taken place at the beginning of the year of 2021, the amortisation charge from intangible assets recognised above for the nine months ended 30 September 2021 would have been RMB219,569,000, net of the reversal of the deferred tax liability recognised above which amounted to RMB54,809,000, the revenue from the Group and the profit of the Group for the year ended 31 December 2021 would have been RMB25,280,911,000 and RMB1,695,285,000, respectively.

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

Non-cash investing and financing activities disclosed in other notes are:

- Acquisition of 65% equity interests of Eagle Subsidiaries – Note 35(i)
- Acquisition of 100% equity interests of Yango Intelligent – Note 35(iii)
- Non-cash additions to right-of-use assets and lease liabilities – Note 16

(b) Changes in liabilities arising from financing liabilities

	Interest- bearing bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2019	10,439	205,730	216,169
Changes from financing cash flows.	–	(69,832)	(69,832)
New leases.	–	40,188	40,188
Interest expense.	353	5,915	6,268
Foreign exchange movement	(170)	–	(170)
	<u>10,622</u>	<u>182,001</u>	<u>192,623</u>
At 31 December 2019 and 1 January 2020			
Changes from financing cash flows.	(2,055)	(69,188)	(71,243)
New leases.	–	107,683	107,683
Disposal of subsidiaries	–	(2,349)	(2,349)
Interest expense.	6,811	7,617	14,428
Foreign exchange movement	(1,289)	–	(1,289)
	<u>14,089</u>	<u>225,764</u>	<u>239,853</u>
At 31 December 2020 and 1 January 2021			
Increase arising from acquisition of subsidiaries	19,981	12,246	32,227
Changes from financing cash flows.	(18,753)	(91,852)	(110,605)
New leases.	–	94,533	94,533
Interest expense.	351	9,856	10,207
Foreign exchange movement	(81)	–	(81)
	<u>15,587</u>	<u>250,547</u>	<u>266,134</u>
At 31 December 2021 and 1 January 2022			
Changes from financing cash flows.	(11,660)	(22,895)	(34,555)
New leases.	–	34,423	34,423
Interest expense.	583	2,434	3,017
Foreign exchange movement	(10)	–	(10)
	<u>4,500</u>	<u>264,509</u>	<u>269,009</u>
At 31 March 2022			

37. RELATED PARTY TRANSACTIONS

(a) Name and relationship with a related party

The ultimate holding company is China Vanke.

(b) Transactions with related parties

The Group had the following transactions with related parties during the Relevant Periods and the three months ended 31 March 2021:

Notes	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Purchases of investment properties					
The ultimate holding company and its subsidiaries (the "China Vanke Group") (i)					
	132,225	220,647	14,495	3,624	–
Receipts of services					
China Vanke Group (ii)					
	23,105	79,877	61,078	6,591	2,586
Associates and joint ventures of					
China Vanke Group (iii)					
	–	2,993,171	3,699,928	853,724	1,087,314
	<u>23,105</u>	<u>3,073,048</u>	<u>3,761,006</u>	<u>860,315</u>	<u>1,089,900</u>
Lease of office space					
China Vanke Group (iv)					
	16,063	20,649	23,797	6,213	6,702
Rendering of services (v)					
China Vanke Group					
	1,770,004	2,798,713	3,820,494	707,879	899,931
Associates and joint ventures of					
China Vanke Group					
	407,593	638,675	885,714	126,483	174,164
	<u>2,177,597</u>	<u>3,437,388</u>	<u>4,706,208</u>	<u>834,362</u>	<u>1,074,095</u>

Notes:

- (i) The purchase of investment properties refers to the purchase of parking spaces and other assets. The fees to be charged for the purchase of investment properties shall be determined on arm's length basis with reference to the historical transaction amounts during the Relevant Period and the prevailing market purchase of similar assets offered by the independent third parties.
- (ii) Receipts of services from China Vanke Group refers to the purchase of accounting auxiliary services, technology system usage and maintenance services. The fees to be charged for these services shall be determined on arm's length basis with reference to the prevailing market prices and prices for similar services offered by the independent third parties.
- (iii) Receipts of services from associates and joint ventures of China Vanke Group refers to the purchase of security service and electromechanical maintenance service. The fees to be charged for the security service and electromechanical maintenance service will be determined after arm's length negotiations with reference to, where applicable, (1) the prevailing market prices of similar services; (2) the anticipated operation costs (including but not limited to the scope and standards of particular services to be offered, labour costs, administration costs and costs of materials); and (3) the prices for similar services offered by the independent third parties.

- (iv) The fees to be charged for the property lease shall be determined on arm's length basis with reference to the historical transaction amounts during the Relevant Periods and the three months ended 31 March 2021 and the prevailing market rent of similar properties located in similar areas offered by the independent third parties.
- (v) Rendering of services refers to the space management service and value-added commercial services. The fees to be charged for the space management services will be determined after arm's length negotiations with reference to, where applicable, (1) the guidance rate published by the relevant government authorities; (2) the prevailing market rate (taking into consideration the location and condition of the properties); (3) the anticipated operation costs (including but not limited to the scope and standards of particular services to be offered, labour costs, administration costs and costs of materials); and (4) the prices charged by the Group for providing comparable services to the independent third parties.

(c) Balances with related parties

	Notes	As at 31 December			As at
		2019	2020	2021	31 March
		RMB'000	RMB'000	RMB'000	2022
				RMB'000	
Trade and retention receivables	(i)				
China Vanke Group		1,200,828	1,244,834	1,587,756	1,747,608
Associates and joint ventures of China Vanke Group.		344,218	635,767	458,572	412,950
		<u>1,545,046</u>	<u>1,880,601</u>	<u>2,046,328</u>	<u>2,160,558</u>
Prepayments, deposits and other receivables	(ii)				
China Vanke Group		1,841,627	1,451,408	1,286,933	1,319,691
Associates and joint ventures of China Vanke Group.		403,528	311,797	356,123	299,552
		<u>2,245,155</u>	<u>1,763,205</u>	<u>1,643,056</u>	<u>1,619,243</u>
Trade and notes payables	(i)				
Associates and joint ventures of China Vanke Group.		–	472,677	184,894	79,515
		<u>–</u>	<u>472,677</u>	<u>184,894</u>	<u>79,515</u>
Other payables and accruals	(i)				
Other payables					
China Vanke Group.		612,125	294,390	417,008	439,017
Associates and joint ventures of China Vanke Group		40,817	152,389	102,784	129,291
		<u>652,942</u>	<u>446,779</u>	<u>519,792</u>	<u>568,308</u>

	Notes	As at 31 December			As at
					31 March
		2019	2020	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000
Long-term payables within one year					
China Vanke Group		69,678	54,059	53,671	36,960
Associates and joint ventures of China Vanke Group		8,860	5,734	6,734	10,761
		<u>78,538</u>	<u>59,793</u>	<u>60,405</u>	<u>47,721</u>
Long-term payables					
China Vanke Group		38,594	21,934	15,674	4,377
Associates and joint ventures of China Vanke Group		5,709	2,353	1,127	917
		<u>44,303</u>	<u>24,287</u>	<u>16,801</u>	<u>5,294</u>
		<u>775,783</u>	<u>530,859</u>	<u>596,998</u>	<u>621,323</u>
Contract liabilities	(i)				
China Vanke Group		–	103,971	114,587	86,357
		<u>–</u>	<u>103,971</u>	<u>114,587</u>	<u>86,357</u>
Lease liabilities	(i)				
China Vanke Group		55,079	52,905	37,769	34,163
		<u>55,079</u>	<u>52,905</u>	<u>37,769</u>	<u>34,163</u>

Notes:

- (i) Trade and retention receivables from related parties, trade and notes payables to related parties, contract liabilities to related parties, other payables and accruals to related parties and lease liabilities to related parties are trade in nature.
- (ii) Prepayments, deposits and other receivables from related parties mainly consist of deposits charged by property developers for carpark space sales assistance services, which are trade in nature.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December			Three months ended 31 March	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,213	3,109	3,269	778	748
Retention and discretionary bonuses	16,842	20,177	17,772	5,068	4,103
Equity-settled share-based payment	–	948	–	–	–
Pension costs, housing funds, medical insurances and other social insurances	384	308	393	97	104
	<u>20,439</u>	<u>24,542</u>	<u>21,434</u>	<u>5,943</u>	<u>4,955</u>

(unaudited)

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2019

Financial assets

	Financial assets at fair value through profit or loss	Financial assets designated at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cash and cash equivalents	–	–	5,184,792	5,184,792
Time deposits with original maturity of over three months	–	–	770,313	770,313
Restricted bank deposits	–	–	162,784	162,784
Financial assets at fair value through profit or loss	64,033	–	–	64,033
Trade and retention receivables	–	–	2,127,764	2,127,764
Financial assets included in prepayments, deposits and other receivables	–	–	3,138,016	3,138,016
Equity investments designated at fair value through other comprehensive income	–	1,502,802	–	1,502,802
	<u>64,033</u>	<u>1,502,802</u>	<u>11,383,669</u>	<u>12,950,504</u>

Financial liabilities

	<u>Financial liabilities at amortised cost</u>
	<u>RMB'000</u>
Trade and notes payables	1,693,895
Financial liabilities included in other payables and accruals	3,562,098
Lease liabilities	182,001
Interest-bearing bank borrowings	10,622
	<u>5,448,616</u>

31 December 2020

Financial assets

	Financial assets at fair value through profit or loss	Financial assets designated at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	–	–	5,397,646	5,397,646
Time deposits with original maturity of over three months	–	–	1,719,313	1,719,313
Restricted bank deposits	–	–	237,978	237,978
Financial assets at fair value through profit or loss	10,976	–	–	10,976
Trade and retention receivables	–	–	3,020,670	3,020,670
Financial assets included in prepayments, deposits and other receivables	–	–	2,679,410	2,679,410
Equity investments designated at fair value through other comprehensive income	–	1,018,438	–	1,018,438
	<u>10,976</u>	<u>1,018,438</u>	<u>13,055,017</u>	<u>14,084,431</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	2,604,899
Financial liabilities included in other payables and accruals	3,761,881
Lease liabilities	225,764
Interest-bearing bank borrowings	14,089
	<u>6,606,633</u>

31 December 2021

Financial assets

	Financial assets at fair value through profit or loss	Financial assets designated at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	–	–	6,430,557	6,430,557
Time deposits with original maturity of over three months	–	–	495,713	495,713
Restricted bank deposits	–	–	305,250	305,250
Financial assets at fair value through profit or loss	4,640	–	–	4,640
Trade and retention receivables	–	–	4,514,273	4,514,273
Financial assets included in prepayments, deposits and other receivables	–	–	2,721,052	2,721,052
Equity investments designated at fair value through other comprehensive income	–	1,497,461	–	1,497,461
	<u>4,640</u>	<u>1,497,461</u>	<u>14,466,845</u>	<u>15,968,946</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and notes payables	–	3,243,250	3,243,250
Financial liabilities at fair value through profit or loss	191,792	–	191,792
Financial liabilities included in other payables and accruals	–	6,562,555	6,562,555
Lease liabilities	–	250,547	250,547
Interest-bearing bank borrowings	–	15,587	15,587
	<u>191,792</u>	<u>10,071,939</u>	<u>10,263,731</u>

31 March 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets designated at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	–	–	3,854,385	3,854,385
Time deposits with original maturity of over three months	–	–	495,713	495,713
Restricted bank deposits	–	–	288,435	288,435
Financial assets at fair value through profit or loss	7,373	–	–	7,373
Trade and retention receivables	–	–	5,882,062	5,882,062
Financial assets included in prepayments, deposits and other receivables	–	–	3,482,669	3,482,669
Equity investments designated at fair value through other comprehensive income	–	1,377,510	–	1,377,510
	<u>7,373</u>	<u>1,377,510</u>	<u>14,003,264</u>	<u>15,388,147</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and notes payables	–	3,268,678	3,268,678
Financial liabilities at fair value through profit or loss	191,792	–	191,792
Financial liabilities included in other payables and accruals	–	6,543,738	6,543,738
Lease liabilities	–	264,509	264,509
Interest-bearing bank borrowings	–	4,500	4,500
	<u>191,792</u>	<u>10,081,425</u>	<u>10,273,217</u>

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2019, 2020 and 2021, and 31 March 2022, The fair values of the Group's financial assets or financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair value of trade and retention receivables, financial assets included in prepayments, deposits and other receivables, cash and cash equivalents, trade and notes payables, financial liabilities included in other payables and accruals, lease liability, interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values, in addition to the contingent consideration disclosed in note 35 to the Historical Financial Information:

The fair values of the non-current portion of financial asset included in prepayments, deposits and other receivables, the non-current portion of other payables and accruals, interest-bearing bank borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair values as at 31 December 2019, 2020 and 2021 and 31 March 2022 were assessed to be insignificant.

The fair value of a listed equity investment is based on quoted market prices. The fair value of unlisted equity investments designated at fair value through profit or loss has been estimated using an asset-based valuation technique based on assumptions that are not supported by observable market prices or rates.

The Group invests in debt investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the expected future interest return on maturity of the wealth management products instruments.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2019

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets				
Equity investments at fair value through other comprehensive income				
Listed equity investments	1,502,802	–	–	1,502,802
Financial assets at fair value through profit or loss	–	55,033	9,000	64,033
	<u>1,502,802</u>	<u>55,033</u>	<u>9,000</u>	<u>1,566,835</u>

As at 31 December 2020

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets				
Equity investments at fair value through other comprehensive income				
Listed equity investments	1,018,438	–	–	1,018,438
Financial assets at fair value through profit or loss	–	10,000	976	10,976
	<u>1,018,438</u>	<u>10,000</u>	<u>976</u>	<u>1,029,414</u>

As at 31 December 2021

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets				
Equity investments at fair value through other comprehensive income				
Listed equity investments	1,497,461	–	–	1,497,461
Financial assets at fair value through profit or loss	–	3,664	976	4,640
	<u>1,497,461</u>	<u>3,664</u>	<u>976</u>	<u>1,502,101</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	191,792	191,792
	<u>–</u>	<u>–</u>	<u>191,792</u>	<u>191,792</u>

As at 31 March 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets				
Equity investments at fair value through other comprehensive income.				
Listed equity investments	1,377,510	–	–	1,377,510
Financial assets at fair value through profit or loss.	–	6,397	976	7,373
	<u>1,377,510</u>	<u>6,397</u>	<u>976</u>	<u>1,384,883</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss.	–	–	191,792	191,792
	<u>–</u>	<u>–</u>	<u>191,792</u>	<u>191,792</u>

For the equity investments designated at fair value through profit or loss, fair value was determined by the changes in the net assets of the unlisted equity entity. If the net assets had increased/decreased by 10% with all other variables held constant, the profit before income tax for the years ended 31 December 2019, 2020 and 2021, and the three months ended 31 March 2022 would have been approximately RMB900,000 lower/higher, RMB97,600 lower/higher, RMB97,600 lower/higher and RMB97,600 lower/higher, respectively.

Fair value of financial liabilities measured within level 3 fair value measurement is mainly affected by changes of the discount rate. If the discount rate had increased/decreased by 10% with all other variables held constant, the profit before income tax for the year ended 31 December 2021 and the three months ended 31 March 2022 would have been approximately RMB2,375,000 lower/higher and RMB970,000 lower/higher, respectively.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include restricted bank deposits, cash and cash equivalents, trade and other receivables, trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as financial assets at fair value through profit or loss, time deposits with original maturity of over three months, lease liabilities, amounts due to related parties and amounts due from related parties. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and borrowings with a floating interest rate. As at the end of each of the Relevant Periods, the Group did not have any significant exposure to the interest rate risk in the cash flows.

Credit risk

The Group is exposed to credit risk in relation to its trade and retention receivables, other receivables, cash and cash equivalents, time deposits with original maturity of over three months and restricted bank deposits.

The Group expects that there is no significant credit risk associated with cash and cash equivalents and restricted bank deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group expects that the credit risk associated with trade and retention receivables and other receivables due from related parties to be low, since the related parties have strong capacity to meet contractual cash flow obligations in the near term.

The Group trades only with recognised and creditworthy third parties. Concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade and retention receivables and other receivables are widely dispersed. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging as at 31 December 2019, 2020 and 2021 and 31 March 2022

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2019, 2020 and 2021 and 31 March 2022. The amounts presented are gross carrying amounts for financial assets.

31 December 2019	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and retention receivables*	–	–	–	2,177,715	2,177,715
Financial asset included in prepayments, deposits and other receivables					
– Normal**	2,986,669	57,270	–	–	3,043,939
– Doubtful**	–	–	774,052	–	774,052
Restricted bank deposits					
– Not yet past due	162,784	–	–	–	162,784
Time deposits with original maturity of over three months					
– Not yet past due	770,313	–	–	–	770,313
Cash and cash equivalents					
– Not yet past due	5,184,792	–	–	–	5,184,792
	<u>9,104,558</u>	<u>57,270</u>	<u>774,052</u>	<u>2,177,715</u>	<u>12,113,595</u>

31 December 2020	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and retention receivables*	–	–	–	3,079,488	3,079,488
Financial asset included in prepayments, deposits and other receivables					
– Normal**	2,585,320	16,041	–	–	2,601,361
– Doubtful**	–	–	865,417	–	865,417
Restricted bank deposits					
– Not yet past due	237,978	–	–	–	237,978
Time deposits with original maturity of over three months					
– Not yet past due	1,719,313	–	–	–	1,719,313
Cash and cash equivalents					
– Not yet past due	5,397,646	–	–	–	5,397,646
	<u>9,940,257</u>	<u>16,041</u>	<u>865,417</u>	<u>3,079,488</u>	<u>13,901,203</u>
31 December 2021	12-month ECLs	Lifetime ECLs		Simplified approach	Total
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and retention receivables*	–	–	–	4,676,818	4,676,818
Financial asset included in prepayments, deposits and other receivables					
– Normal**	2,577,958	42,653	–	–	2,620,611
– Doubtful**	–	–	950,455	–	950,455
Restricted bank deposits					
– Not yet past due	305,250	–	–	–	305,250
Time deposits with original maturity of over three months					
– Not yet past due	495,713	–	–	–	495,713
Cash and cash equivalents					
– Not yet past due	6,430,557	–	–	–	6,430,557
	<u>9,809,478</u>	<u>42,653</u>	<u>950,455</u>	<u>4,676,818</u>	<u>15,479,404</u>

31 March 2022	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and retention receivables*	–	–	–	6,075,287	6,075,287
Financial asset included in prepayments, deposits and other receivables					
– Normal**	2,800,409	59,126	–	–	2,859,535
– Doubtful**	–	–	1,520,897	–	1,520,897
Restricted bank deposits					
– Not yet past due	288,435	–	–	–	288,435
Time deposits with original maturity of over three months					
– Not yet past due	495,713	–	–	–	495,713
Cash and cash equivalents					
– Not yet past due	3,854,385	–	–	–	3,854,385
	<u>7,438,942</u>	<u>59,126</u>	<u>1,520,897</u>	<u>6,075,287</u>	<u>15,094,252</u>

* For trade and retention receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Historical Financial Information.

** The credit quality of financial assets included in prepayments and other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by management and directors when the borrowings exceed certain predetermined levels of authority.

The following tables show the remaining contractual maturities at the end of each of the Relevant Periods of the Group's non-derivative financial liabilities, based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Less than 12 months	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2019			
Trade and notes payables	1,693,895	–	1,693,895
Financial liabilities included in other payables and accruals	3,036,796	525,302	3,562,098
Lease liabilities	64,284	129,049	193,333
Interest-bearing bank borrowings	387	10,622	11,009
	<u>4,795,362</u>	<u>664,973</u>	<u>5,460,335</u>

	Less than 12 months	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2020			
Trade and notes payables	2,604,899	–	2,604,899
Financial liabilities included in other payables and accruals	3,100,766	661,115	3,761,881
Lease liabilities	92,909	155,060	247,969
Interest-bearing bank borrowings	10,340	4,215	14,555
	<u>5,808,914</u>	<u>820,390</u>	<u>6,629,304</u>
As at 31 December 2021			
Trade and notes payables	3,243,250	–	3,243,250
Financial liabilities at fair value through profit or loss . . .	191,792	–	191,792
Financial liabilities included in other payables and accruals	5,747,016	815,539	6,562,555
Lease liabilities	111,161	158,127	269,288
Interest-bearing bank borrowings	11,531	4,103	15,634
	<u>9,304,750</u>	<u>977,769</u>	<u>10,282,519</u>
As at 31 March 2022			
Trade and notes payables	3,268,678	–	3,268,678
Financial liabilities at fair value through profit or loss . . .	191,792	–	191,792
Financial liabilities included in other payables and accruals	5,725,833	817,905	6,543,738
Lease liabilities	113,387	149,523	262,910
Interest-bearing bank borrowings	4,531	16	4,547
	<u>9,304,221</u>	<u>967,444</u>	<u>10,271,665</u>

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign exchange rates. Fluctuations in exchange rates between US and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. As at the end of each of the Relevant Periods, since the Group did not hold any financial instruments denominated in currencies other than the functional currencies of the respective operating units, the Group did not have any significant exposure to the foreign currency risk.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank borrowings, trade and notes payables, other payables and accruals, lease liabilities and provision less cash and cash equivalents. Capital represents the equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	10,622	14,089	15,587	4,500
Trade and notes payables	1,693,895	2,604,899	3,243,250	3,268,678
Other payables and accruals	5,180,786	5,407,891	8,637,521	7,745,585
Lease liabilities	182,001	225,764	250,547	264,509
Provision	22,318	48,230	72,874	79,753
Less: Cash and cash equivalents	5,184,792	5,397,646	6,430,557	3,854,385
Net debt	<u>1,904,830</u>	<u>2,903,227</u>	<u>5,789,222</u>	<u>7,508,640</u>
Equity attributable to owners of the parent	<u>5,488,653</u>	<u>6,255,014</u>	<u>9,893,445</u>	<u>10,085,186</u>
Capital and net debt	<u>7,393,483</u>	<u>9,158,241</u>	<u>15,682,667</u>	<u>17,593,826</u>
Gearing ratio	<u>26%</u>	<u>32%</u>	<u>37%</u>	<u>43%</u>

41. NOTES TO THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(i) Cash and cash equivalents

	As at 31 December			As at
	2019	2020	2021	31 March
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Cash at bank	3,587,505	3,127,942	4,326,764	3,235,016
Less: Restricted bank deposits	(10,600)	(10,600)	(2,122)	(2,122)
Time deposits with original maturity of over three months	(756,000)	(1,151,000)	(486,000)	(486,000)
	<u>2,820,905</u>	<u>1,966,342</u>	<u>3,838,642</u>	<u>2,746,894</u>

(ii) Other payables and accruals

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Other payables:				
Amounts due to related parties	4,990,819	6,056,709	11,035,851	11,820,256
Dividends	–	–	1,177,821	847,800
Deposits	1,702	3,120	3,616	3,116
Other payables	149,149	84,027	157,398	103,383
	<u>5,141,670</u>	<u>6,143,856</u>	<u>12,374,686</u>	<u>12,774,555</u>
Payroll payables	58,385	44,178	29,459	4,921
Other taxes payables	20,372	29,328	154,969	38,924
	<u>5,220,427</u>	<u>6,217,362</u>	<u>12,559,114</u>	<u>12,818,400</u>
Non-current:				
Long term payables	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

(iii) Prepayments, deposits and other receivables

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Other receivables:				
Amounts due from related parties	4,183,005	6,373,056	9,830,980	11,077,199
Dividends	9,229	117,240	408,669	408,669
Deposits	5,745	16,224	4,254	15,254
Other receivables	21,172	13,481	27,209	22,719
	<u>4,219,151</u>	<u>6,520,001</u>	<u>10,271,112</u>	<u>11,523,841</u>
Less: Allowance for impairment of other receivables	<u>(88)</u>	<u>(466)</u>	<u>(466)</u>	<u>(466)</u>
	<u>4,219,063</u>	<u>6,519,535</u>	<u>10,270,646</u>	<u>11,523,375</u>
Prepayments to suppliers	4,966	4,445	8,156	35,846
Prepayments for tax	–	9,870	11,035	11,165
	<u>4,224,029</u>	<u>6,533,850</u>	<u>10,289,837</u>	<u>11,570,386</u>
Non-current:				
Prepaid expenses	<u>4,641</u>	<u>4,170</u>	<u>4,187</u>	<u>4,315</u>

(iv) Investments in associates

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	<u>86,242</u>	<u>92,692</u>	<u>74,247</u>	<u>74,247</u>

There is no individually material associate of the Company.

(v) Financial assets at fair value through profit or loss

	As at 31 December			As at 31 March
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Wealth management products	<u>55,033</u>	–	–	–

42. SUBSEQUENT FINANCIAL EVENTS

Subsequent to the end of the reporting period, the Group entered into the equity transfer agreement with certain independent third parties, regarding the acquisition of the equity interest of the property management companies. Details are set out as below.

Name of subsidiaries acquired	Cash Consideration	Completion of acquisition	Equity interest acquired
	RMB'000		
Shouwan Yuye (Shanghai) Property Services Co., Ltd.	247,324	May 2022	51%

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2022.

III. SUPPLEMENTARY FINANCIAL INFORMATION OF THE YANGO INTELLIGENT GROUP

Financial information of Yango Intelligent and its subsidiaries (the “Yango Intelligent Group”) for the year ended 31 December 2021 and the three months ended 31 March 2022 has been prepared in accordance with the basis of preparation and accounting policies as set out below. This information is referred hereafter as “Financial Information of the Yango Intelligent Group”.

1. FINANCIAL INFORMATION OF THE YANGO INTELLIGENT GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Three months ended	Year ended
		31 March 2022	31 December 2021
		RMB'000	RMB'000
REVENUE	2.2	498,975	2,214,697
Cost of sales		<u>(390,110)</u>	<u>(1,564,234)</u>
Gross profit		108,865	650,463
Other income and gains	2.3	7,214	65,722
Selling and distribution expenses		(14,402)	(56,088)
Administrative expenses		(41,081)	(329,940)
Impairment losses on financial assets, net		(7,227)	(35,265)
Other expenses		(504)	(1,794)
Finance costs	2.4	(351)	(1,045)
Share of profits of:			
Joint ventures		(8)	(46)
Associates		<u>(10)</u>	<u>320</u>
PROFIT BEFORE TAX		52,496	292,327
Income tax expense		<u>(10,591)</u>	<u>(67,487)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>41,905</u>	<u>224,840</u>
Attributable to:			
Owners of the parent		39,328	221,174
Non-controlling interests		<u>2,577</u>	<u>3,666</u>
		<u>41,905</u>	<u>224,840</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2022	212,500	303,693	100	167,308	683,601	27,714	711,315	
Profit for the period	—	—	—	39,328	39,328	2,577	41,905	
At 31 March 2022	<u>212,500</u>	<u>303,693</u>	<u>100</u>	<u>206,636</u>	<u>722,929</u>	<u>30,291</u>	<u>753,220</u>	

For the year ended 31 December 2021

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2021	212,500	304,211	100	96,134	612,945	—	612,945	
Profit for the year	—	—	—	221,174	221,174	3,666	224,840	
Acquisition of subsidiaries	—	—	—	—	—	23,048	23,048	
Capital contribution from non-controlling shareholders	—	—	—	—	—	1,000	1,000	
Share-based compensation	—	(519)	—	—	(519)	—	(519)	
Acquisition of non-controlling interests	—	1	—	—	1	—	1	
Dividends declared	—	—	—	(150,000)	(150,000)	—	(150,000)	
At 31 December 2021	<u>212,500</u>	<u>303,693</u>	<u>100</u>	<u>167,308</u>	<u>683,601</u>	<u>27,714</u>	<u>711,315</u>	

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended 31 March 2022	Year ended 31 December 2021
	RMB'000	RMB'000
Net cash flows from/(used in) operating activities	(537,551)	205,486
Net cash flows used in investing activities	(1,743)	(111,804)
Net cash flows used in financing activities	(2,787)	(155,314)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(542,081)	(61,632)
Cash and cash equivalents at beginning of year/period	880,536	942,168
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD . . .	338,455	880,536
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS.	338,455	880,536

2. NOTES TO THE FINANCIAL INFORMATION OF THE YANGO INTELLIGENT GROUP

2.1 BASIS OF PREPARATION

Yango Intelligent was founded in 2020, Yango Intelligent Group are principally engaged in property management services.

The Financial Information of Yango Intelligent Group has been prepared in accordance with the accounting policies set out in Section II of the Historical Financial Information.

2.2 REVENUE

Revenue mainly comprises proceeds from community space living consumption services and commercial and urban space integrated services. An analysis of the Yango Intelligent Group's revenue and cost of services by category for the three months ended 31 March 2022 and the year ended 31 December 2021 is as follows:

An analysis of revenue is as follows:

	Three months ended 31 March 2022	Year ended 31 December 2021
	RMB'000	RMB'000
Types of services		
Community space living consumption services	431,690	1,879,361
Commercial and urban space integrated services	67,285	335,336
Revenue from contracts with customers	498,975	2,214,697
Timing of revenue recognition		
Services transferred at a point in time	18,604	92,359
Services transferred over time	480,371	2,122,338
Total revenue from contracts with customers	498,975	2,214,697

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the three months ended 31 March 2022 and the year ended 31 December 2021:

	Three months ended 31 March 2022	Year ended 31 December 2021
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	273,420	202,315

Performance obligations

For community space living consumption services (except for real estate brokerage and lease management services, and carpark space sales assistance services) and commercial and urban space integrated services, the performance obligation is satisfied over time as services are rendered to customers. The Group bills the amount for services provided on a monthly basis or pre-charges service fee on annual basis which will be paid shortly after invoice. The Group has elected the practical expedient as described in IFRS 15.121(b) for not to disclose the remaining performance obligations for these types of contracts.

2.3 OTHER INCOME AND GAINS

	Three months ended 31 March 2022	Year ended 31 December 2021
	RMB'000	RMB'000
Interest income	634	28,441
Government grants*	4,218	27,084
Fair value gains on financial assets at fair value through profit or loss	523	8,781
Other non-operating income	1,839	1,416
	<u>7,214</u>	<u>65,722</u>

* There are no unfulfilled conditions or contingencies relating to these grants.

2.4 FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 March 2022	Year ended 31 December 2021
	RMB'000	RMB'000
Interest on lease liabilities	267	1,045

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the draft Accountants' Report set forth in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our combined net tangible assets as of 31 March 2022 as if it had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 31 March 2022 or any future dates. It is prepared based on our consolidated net tangible assets as of 31 March 2022 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the draft Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 31 March 2022	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible asset of the Group attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	Note 1	Note 2 and 4		Note 3	Note 4
	RMB'000	RMB'000	RMB'000	RMB	HK\$
Based on an Offer					
Price of HK\$47.10 per Share	1,705,339	4,695,675	6,401,014	5.48	6.23
Based on an Offer					
Price of HK\$49.90 per Share	1,705,339	4,978,303	6,683,642	5.73	6.51
Based on an Offer					
Price of HK\$52.70 per Share	<u>1,705,339</u>	<u>5,260,930</u>	<u>6,966,269</u>	<u>5.97</u>	<u>6.78</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of 31 March 2022 is extracted from the consolidated statements of financial position set out in in Appendix I to this prospectus which is based on the consolidated net assets of the Group attributable to owners of the Company as of March 31, 2022 of approximately RMB10,085,186 less intangible assets of RMB8,379,847.
- (2) The estimated net proceeds from the Global Offering are based on the indicative offer prices of HK\$47.10 per Share (being the minimum Offer Price), HK\$49.90 per Share (being the middle Offer Price) and HK\$52.70 per Share (being the maximum Offer Price), respectively, after deduction of the underwriting fee and other expenses.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis of 1,167,134,000 Shares expected to be issue immediately upon completion of the Global Offering.
- (4) The estimated net proceeds from the Global Offering and unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per Share are converted into Hong Kong dollars at an exchange rate of HK\$1 to RMB0.88031 as of September 9, 2022.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions entered into by our Group subsequent to 31 March 2022.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this Prospectus.



Ernst & Young
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To the Directors of Onewo Inc.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Onewo Inc. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 March 2022 and related notes as set out on pages II-1 to II-2 of the prospectus dated 19 September 2022 issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in note 1 to note 5.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering and placing of shares of the Company on the Group's financial position as at 31 March 2022 as if the transaction had taken place at 31 March 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements as at 31 March 2022, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering and placing of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
19 September 2022

This appendix sets forth summaries of certain aspects of PRC laws and regulations which are relevant to the operations and business of the Company. Laws and regulations relating to taxation in the PRC are discussed in “Appendix V — Taxation and Foreign Exchange”. This appendix also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between the PRC and Hong Kong company laws, certain requirements of the Listing Rules and additional provisions required by the Stock Exchange for inclusion in the articles of association of the PRC issuers. For discussion on specific laws and regulations that regulate our business, see “**Regulation Overview**”.

1. PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the PRC Constitution (2018 Revision, the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, departmental rules, rules of local governments and international treaties of which the PRC Government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (2015 Revision, the “**Legislation Law**”), the National People’s Congress (the “NPC”) and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing civil and criminal matters, State institutions and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest administrative authority of the PRC, which has the power to formulate administrative regulations under the Constitution and laws.

The people’s congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws and administrative regulations.

The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural development and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, which shall come into force after being submitted to the standing committees of the people’s congresses of the provinces and

autonomous regions for approval, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries, commissions of the State Council, the PBOC, the National Audit Office and other subordinate institutions with administrative functions directly under the State Council may formulate rules within the power of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The people's governments of provinces, autonomous regions and municipalities and cities divided into districts and autonomous regions may formulate rules, in accordance with laws, administrative regulations and relevant local regulations.

The Constitution has supreme legal authority, and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is higher than that of administrative regulations, local regulations and rules. The authority of administrative regulations is higher than that of local regulations and rules. The authority of local regulations is higher than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is higher than that of the rules enacted by the people's governments of the cities divided into districts and autonomous prefecture within the administrative areas of the provinces or the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations and separate regulations approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution or laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or separate regulations which have been approved by the standing committees of the people's congresses of any provinces, autonomous regions or municipalities, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate departmental rules and rules of local governments. The people's congress of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) effective on June 10, 1981, the Supreme People's Court of the PRC (the “**Supreme People's Court**”) has the power to summarize and interpret issues related to the specific application of laws and decrees in a court trial. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional regulations and rules is vested in the regional legislative and administrative authorities which promulgate such regulations and rules.

The PRC Judicial System

Under the Constitution and the Law of Organization of the People's Courts of the PRC (2018 Revision) (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts at all levels, the military courts, intellectual property courts, financial courts and other special people's courts.

The local people's courts at all levels are divided into the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are further divided into civil, criminal, administrative, supervision and execution divisions. The intermediate people's courts have divisions similar to those of the primary people's courts and have the power to organize other divisions when necessary, such as the intellectual property division.

The higher People's court shall supervise the primary people's courts and the intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil action of people's courts at same or lower levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the judicial work of the people's courts at all levels.

The people's courts employ a two-tier appellate system. A party may lodge an appeal to the people's court at the next higher level against the judgment or ruling of the first instance of a local people's court. Judgments or rulings of the second instance of the court at the next higher level are final. Judgments or rulings of the first instance of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in a judgment or ruling which has been legally effective in any people's court at a lower level, or the presiding judge of a people's court discovers an error in a judgment which has been legally effective in the court over which he/she presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》), the “**Civil Procedure Law**”) adopted in 1991 and amended in 2007, 2012, 2017 and 2021 prescribes the procedures for instituting a civil action, the jurisdiction of the people’s courts and conducting a civil action, and the standards on enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The court in respect of a civil action may also be chosen by written agreement among the parties to a contract, provided that the court should be located at the plaintiff’s or the defendant’s place of domicile, the place where the contract is signed or executed or the place where the object of the action is located, or other places which are actually connected with the disputes. However, such choice shall not contravene the regulations of differential jurisdiction and exclusive jurisdiction.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country’s judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may impose the same limitations to the citizens and enterprises of that foreign country according to the principle of reciprocity. If any party to a civil action refuses to comply with a judgement or order made by a people’s court or an award granted by an arbitration panel in the PRC, the other party may apply to the people’s court to request for enforcement of the judgement, order or award within two years. If a person fails to satisfy a judgement made by the court within the stipulated time, the court will, upon application by either party, legally enforce the judgement.

A party seeking to enforce a judgement or order of a people’s court against a party who is not located within the PRC and does not own any property in the PRC, may apply to a foreign court with jurisdiction over the relevant cases for recognition and enforcement of the judgement or order. A foreign judgment or ruling may also be recognized and enforced by the people’s court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, international treaties with the relevant foreign country, which provided for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity, unless the people’s court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interests.

The PRC Company Law, Special Regulations and the Mandatory Provisions

A joint stock company incorporated in the PRC and sought for listing on the Stock Exchange shall mainly comply with the following laws and regulations of the PRC:

- The Company Law of the PRC, which was promulgated by the Standing Committee of the NPC on December 29, 1993 and came into force on July 1, 1994, and was revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018, respectively;

- The Special Regulations of the State Council on Overseas Share Offering and Listing of Joint Stock Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the “**Special Regulations**”), which were promulgated by the State Council on August 4, 1994 pursuant to then valid Articles 85 and 155 of the PRC Company Law, and were applicable to overseas shares offering and listing of joint stock companies;
- The Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款) (the “**Mandatory Provisions**”) jointly promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic System on August 27, 1994, prescribe that the mandatory provisions should be incorporated in the articles of association of joint stock limited companies to be listed in overseas stock exchanges. Accordingly, the Mandatory Provisions have been incorporated in the Articles of Association of the Company, summary of which are set forth in the section headed “Appendix IV — Summary of the Articles of Association” to this document; and
- According to the Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period of Overseas Listed Companies for Convening Shareholders’ General Meetings (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》) promulgated by the State Council on October 17, 2019, the requirements for the notice period for convening a shareholders’ general meeting, shareholders’ proposal right, and the procedures for convening a shareholders’ general meeting of joint stock limited companies registered in China but listed overseas shall be governed by the relevant provisions of the PRC Company Law, and no longer be governed by Articles 20 to 22 of the Special Regulations.

Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

General

A joint stock limited company refers to a corporate legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal nominal value. The liability of shareholders for the company is limited to the extent of the shares each of them holds and the liability of the company for its creditors is limited to the total amount of all assets it owns.

A joint stock limited company shall conduct its business pursuant to the laws and administrative regulations. A joint stock limited company may invest other limited liability companies and joint stock limited companies with its liability to such companies it invests in is limited to the extent of the investment amount. However, a joint stock limited company shall not become a capital contributor that shall bear the joint liabilities for the debts of the enterprise it invests in, unless it is otherwise provided for by any law.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription.

A joint stock limited company may be incorporated by two to 200 promoters, but at least half of the promoters must reside in the PRC.

Where joint stock limited companies are incorporated by subscription, the promoters shall convene an inauguration meeting within 30 days from the date of the full payment of shares in issue and inform each subscriber of or announce the date of the meeting 15 days before the inauguration meeting was convened. The inauguration meeting shall be attended by promoters and subscribers representing more than half of the total shares of the company. At the inaugural meeting, matters including the adoption of articles of association of company and the election of members of the board of directors and the board of supervisors of the company will be considered. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting. Within 30 days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established and has the status of a legal person after a business license has been issued by the relevant registration authority. Joint stock limited companies which are established by way of subscription and public offering shall report and send the verification documents for public offering shares issued by the State Council's securities regulatory authority to the registration authority.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company or directors and lead underwriters are required to sign on the prospectus to ensure that the prospectus does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value. If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency. Under the Special Regulations and the Mandatory Provisions, shares issued in foreign currency and issued to foreign investors and investors from the territories of Hong Kong, Macau and Taiwan are referred to as foreign shares; while shares issued in Renminbi and issued to investors within the PRC other than the territories specified above are referred to as domestic shares. Foreign shares which are listed overseas are referred to as overseas listed foreign shares.

There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Allotment and Issuance of Shares

All issuance of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price.

The share offering price may be equal to or greater than the nominal value of the share, but shall not be less than the nominal value.

With the approval of the securities regulatory authorities of the State Council, the company may offer its shares to the public abroad. Under the Special Regulations, upon approval of the securities regulatory authorities of the State Council, a company may agree, in the underwriting agreement entered into with the underwriters in respect of an issue of overseas listed foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed foreign invested shares proposed to be issued in addition to the number of underwritten shares. The issuance of the reserved shares is treated as part of the issue.

Registered shares

According to the Special Regulations, the overseas listed foreign invested shares issued by joint stock limited companies shall be issued in registered form, and the domestic shares issued concerning overseas listed foreign invested shares shall also be issued in registered form.

Under the PRC Company Law, a company issuing registered share certificates shall maintain a register of members which sets forth the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase in Share Capital

Pursuant to the PRC Company Law, where a joint stock limited company is issuing new shares, resolutions shall be passed at general meeting in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and the class and amount of the new shares proposed to be issued to existing shareholders. When a company launches a public issuance of new shares upon the approval by the securities regulatory authorities of the State Council, a prospectus and financial and accounting reports must be issued and a share subscription form must be prepared. After the issuance of new shares has been paid up, the change must be registered with the company registration authorities and a public announcement must be made accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- the company shall prepare a balance sheet and a statement of the assets;
- the reduction of registered capital shall be passed by resolution of the general meeting of shareholders;
- the company shall inform its creditors within 10 days and publish an announcement in the newspaper within 30 days after the resolution approving the reduction of registered capital has been passed;

- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- the company shall apply to the company registration of the change on the reduction of registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not repurchase its own shares except for any of the following purposes: (i) to reduce the registered capital of the company; (ii) to merger with another company holding shares in the company; (iii) to grant its shares to the employees of the company as an employee share ownership plan or share incentive plan; (iv) to repurchases the shares of the company from shareholders who object to the resolution on the merger or division of the company at the general meeting of shareholders; (v) when a listed company acquires its shares for conversion into corporate bonds issued by it and convertible into shares; or (vi) where it is necessary for a listed company to maintain its corporate value and shareholders' equity.

The purchase of shares for reasons specified in (i) to (ii) shall be approved by the general meeting of shareholders. The purchase by any company of its own shares for any reason specified in sub-paragraphs (iii), (v) and (vi) shall be approved by a resolution of a board meeting attended by more than two thirds of the directors in accordance with the provisions of the articles of association or as authorized by the general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be cancelled within 10 days from the date of purchase in the case of (i) above and transferred or cancelled within six months in the case of (ii) or (iv) above, or in the event of a purchase made pursuant to (iii), (v) or (vi), the total number of its own shares held by the company shall not exceed 10% of the total outstanding shares and shall be transferred or cancelled within three years of the purchase.

Any listed company that purchases its own shares shall perform its information disclosures obligations in accordance with the provisions of the Securities Law of the PRC. If shares are purchased under any of the circumstances specified in (iii), (v) or (vi) above, a public centralized trading shall be adopted.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Under the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the relevant shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Pursuant to the PRC Company Law, changes due to share transfer should not be made to register of members within 20 days before a shareholders' general meeting or within 5 days before the record date for the purpose of determining entitlements to dividend distributions. However, where the laws have other provisions on change of the share register of listed companies, such provisions shall prevail.

Pursuant to the PRC Company Law, shares held by promoters of a company may not be transferred within one year of the date of incorporation of the company. Shares of the company issued prior to the public issuance of shares may not be transferred within one year of the date of the listing of the company's shares on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. Directors, supervisors and the senior management of a company shall not transfer the shares they hold in the company within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after they leave their positions in the company.

Shareholders

Under the PRC Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and exercise the voting rights;
- the right to transfer the shares in accordance with laws, administrative regulations and provisions of the articles of associations;
- the right to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and meetings of board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other kinds of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of the remaining assets of the company in proportion to the shares held by them; and
- other rights granted by laws, administrative regulations, other normative documents and the articles of association of the company.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or replace directors and supervisors who are not employee representatives, and to decide on matters relating to the remuneration of directors and supervisors;
- to review and approve the reports of the board of directors;
- to review and approve the reports of the board of supervisors;
- to review and approve the company's annual financial budgets and final accounts;
- to review and approve the company's profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issuance of corporate bonds;
- to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;
- to amend the articles of association; and
- to exercise other powers as stipulated in the articles of association.

A shareholders' general meeting is required to be held once every year. Under the PRC Company Law, an extraordinary general meeting shall be convened within two months upon the occurrence of any of the following events:

- the number of directors is less than the number stipulated by the laws or less than two thirds of the number specified in the articles of association;
- the total outstanding losses of the company amounted to one-third of the company's total paid-in share capital;
- shareholders individually or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting in writing;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of association.

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or does not perform his/her duties, a director appointed by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or does not perform its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time and venue and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary general meetings shall be given to all shareholders 15 days prior to the meeting.

Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders shall be passed by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Pursuant to the PRC Company Law, where the company convenes a shareholders' general meeting, shareholders who individually or aggregately hold 3% or more of the company's shares may submit an interim proposal to the board of directors 10 days before the date of the shareholders' general meeting. The board of directors shall notify other shareholders within two days upon receipt of the interim proposal and submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the scope of powers of the general meeting, and the proposal shall have a clear agenda and specific matters on which resolutions are to be made.

Pursuant to the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes when casting a vote.

Under the PRC Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the issue of any class of shares, warrants or other similar securities; (iv) the issue of corporate bonds; (v) the merger, division, dissolution or liquidation of the company; (vi) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Pursuant to the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

According to the PRC Company Law, a joint stock limited company shall have a board of directors which shall consist of five to nineteen members. Members of the board of directors may include staff representatives, who shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected upon expiry of his/her term of office. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of the director during his/her term of office results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed at the shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's annual financial budgets and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to formulate proposals for the merger, division or dissolution of the company or change of corporate form;
- to decide on establishment of the company's internal management organs;
- to resolve on appointment, dismissal and remunerations of the general manager of the company, and as nominated by the general manager, to resolve on appointment, dismissal and remunerations of the company's deputy general managers and chief financial officer;
- to formulate the company's basic management system; and
- to exercise any other power stipulated in the articles of association.

Board Meetings

According to the PRC Company Law, the board of directors of a joint stock limited company shall hold at least two meetings every year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Resolutions of the board of directors shall be voted on as per “one person, one vote” system. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Chairman of the Board

Under the PRC Company Law, the board shall appoint a chairman and may appoint one or more vice chairmen. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of resolutions of the board of directors. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director appointed by more than half of the directors shall perform his/her duties.

Director Qualifications

Under the PRC Company Law, the following person may not serve as a director in a company:

- a person who has no civil capacity or has limited civil capacity;
- a person who has been penalized or sentenced due to corruption, bribery, embezzlement, appropriation of property or the disruption of the socialist market economy, and five years have not elapsed from which the punishment or deprivation of political rights for the crimes committed was carried out;

- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into bankruptcy and liquidation and who was personally liable for the bankruptcy and liquidation of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances in which it is unsuitable to be a director are set out in the Mandatory Clause.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's employees, of which the proportion of employee representatives shall not be less than one-third, and the actual proportion shall be determined in the articles of association. The representatives of the company's employees in the board of supervisors shall be elected by the employees through the employee representatives' assembly, employees' assembly or any other democratic form.

Directors and senior management personnel shall not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint one or more vice chairman. According to the PRC Company Law, the chairman and vice-chairman of the board of supervisors must be elected by more than half of all supervisors. According to the Letter of Opinions on the Supplementation and Amendment of Articles of Association of Companies Listing in Hong Kong (關於到香港上市公司對公司章程作補充修改的意見的函), the chairman of the board of supervisors shall be selected by more than two-thirds of all the supervisors. The chairman of the board of supervisors shall convene and preside over meetings of the board of supervisors; if the chairman of the Board of supervisors is unable or fails to perform his/her duties, the vice-chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors; if the vice-chairman of the board of supervisors is unable or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

Meetings of the board of supervisors shall be convened at least every six months. According to the PRC Company Law, resolutions of the board of supervisors require the approval of more than half of all supervisors, and pursuant to the Letter of Opinions on the Supplementation and Amendment of Articles of Association of Companies Listing in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》) resolutions of the board of supervisors require the approval of more than two-thirds of all supervisors.

The board of supervisors may exercise the following functions and powers:

- to review the company's financial position;
- to supervise the conducts of the directors and senior management personnel in discharge of their duties and to advise on the dismissal of any director and senior management personnel who are in breach of laws, administrative regulations, the articles of association or resolutions of the shareholders' general meetings;
- to require the director and senior management personnel to correct relevant behaviors that are detrimental to the interests of the company;
- to propose the convening of extraordinary shareholders' general meetings and, in the event that the board of directors fails to perform the duties of convening and presiding shareholders' general meetings as required by law, to convene and preside over shareholders' general meetings;
- to submit proposals to the shareholders' general meetings;
- to bring legal proceedings against the directors and the senior management personnel; and
- to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The board of supervisors may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Managers and Senior Management Personnel

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager, who reports to the board of directors, may exercise the following functions and powers:

- to manage operation and administration of the company and arrange for the implementation of the resolutions of the board of directors;
- to arrange for the implementation of the company's annual operation plans and investment proposals;
- to formulate proposals for the establishment of the company's internal management organs;
- to establish the basic management system of the company;
- to formulate the company's specific rules and regulations;
- to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;
- to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and
- other functions and powers conferred by the board of directors or the company's articles of association.

Where the articles of association otherwise provide for the functions and powers of the manager, such provisions shall prevail. The manager shall be present at meetings of the board of directors.

According to the PRC Company Law, senior management personnel refer to the manager, deputy manager, financial officer and secretary to the board of a listed company, and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

The directors, supervisors and senior management personnel of the company are required under the PRC Company Law to comply with the relevant laws, administrative regulations and the articles of association, and carry out their duties of loyalty and diligence. Directors, supervisors and senior management personnel are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property. Directors and senior management personnel shall not:

- misappropriate the funds of the company;
- deposit the funds of the company in their personal accounts or in an account opened in the name of any other individual;
- loaning company funds to others or providing guarantees in favor of others supported by the Company's property in violation of the Articles of Association or without prior approval of the general meeting or the Board of Directors;
- entering contracts or transactions with the Company in violation of the Articles of Association or without prior approval of the general meeting;
- using their position and rights to procure business opportunities for themselves or others that should have otherwise been available to the Company or operating businesses similar to that of the Company for their own benefits or on behalf of others without prior approval of the general meeting;
- accepting for their own benefit commissions from third parties dealing with the Company;
- unauthorized divulgence of confidential information of the Company; or
- committing other acts in violation of their duty of loyalty to the Company.

A director, supervisor or senior management who contravenes any laws, administrative regulations or the Company's Articles of Association in the performance of his/her duties resulting in any loss to the Company shall be personally liable to the Company.

Finance and Accounting

According to the PRC Company Law, a company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the provisions, administrative regulations and the regulations of the financial departments of the State Council.

According to the PRC Company Law, a limited liability company shall submit financial and accounting reports to all shareholders within the time limit specified in the Company's Articles of Association. A joint stock company shall deposit its financial statements at the Company for inspection by the shareholders at least 20 days before the convening of the annual general meeting. A joint stock company that issues shares publicly must also announce its financial accounting report.

When distributing each year's profits after taxation, the Company shall set aside 10% of its profits after taxation for the Company's statutory reserve fund until the fund has reached 50% of the Company's registered capital.

Where the Company's statutory reserve is inadequate to make up losses in previous years, the Company shall, prior to withdrawing the statutory reserve fund pursuant to the provisions of the preceding paragraph, use the profits of the current year to make up the losses.

Upon resolution by the general meeting, the Company may, after withdrawing the statutory reserve fund from the profits after tax, withdraw any discretionary reserve fund from the profits after tax.

After the Company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those provided by the Articles of Association.

The Company shall not be entitled to any distribution of profits in respect of shares held by it.

Proceeds from shares issued at a price above their nominal value and other revenues required by the financial departments of the State Council to be stated as capital reserve fund shall be accounted for as the capital reserve fund of the Company.

The reserve fund of a company shall be applied to make good the Company's losses, expand its business operations or increase its capital. However, the capital reserve fund shall not be used to recover the losses of the Company. Upon the transfer of the statutory reserve fund into capital, the balance of the reserve fund shall not be less than 25% of the registered capital of the Company before such transfer.

The Company shall have no accounting books other than the statutory books. The Company's assets shall not be deposited in any account opened in the name of any individual.

Appointment and dismissal of Accounting Firm

Pursuant to the PRC Company Law, the appointment and dismissal of an accounting firm responsible for the Company's auditing shall be determined by general meeting or the Board of Directors in accordance with the Company's Articles of Association. The accounting firm should be allowed to state their opinions when the general meeting or the Board of Directors conduct a vote on the dismissal of the accounting firm. The Company shall provide authentic and complete accounting vouchers, accounts books, financial and accounting reports and other accounting materials to the accounting firm it appoints, and shall not refuse, conceal the facts or make false reports about them.

The Special Regulations require that the Company should employ an independent accounting firm that complies with relevant regulation to audit the Company's annual report and to review and cheque other financial reports. The period of appointment of the accounting firm shall commence from the end of the annual general meeting to the end of the next annual general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory reserve fund is provided. According to Mandatory Provisions, the Company shall be a receiving agent for shareholders who hold overseas listed foreign shares. And the Company receives dividends declared and other payables on behalf of such holders of shares by the Company in respect of its overseas listed foreign shares.

Amendments to the Articles of Association

Any amendments to the Company's Articles of Association must be made in accordance with the procedures set forth in the Company's Articles of Association. Any amendment of provisions incorporated in the Articles of Association in connection with the Mandatory Provisions will only be effective after approval by the approval department authorized by the State Council and the CSRC. In relation to matters involving the Company's registration, its registration with the authority must also be changes.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved in any of the following events: (i) the term of its operations set down in its Articles of Association has expired or events of dissolution specified in its Articles of Association have occurred; (ii) the shareholders in general meeting have resolved to dissolve the Company; (iii) the Company is dissolved by reason of its merger or demerger; (iv) the Company is subject to the revocation of business license, a closure order or elimination in accordance with laws; or (v) in the event that the Company encounters substantial difficulties in its operation and management and its

continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the Company may present a petition to the people's court for the dissolution of the Company.

In the event of paragraph (i) above, the Company may carry on its existence by amending its Articles of Association. The amendments to the Articles of Association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending the general meeting.

Where the Company is dissolved in the circumstances described in (i), (ii), (iv) and (v) above, a liquidation committee must be formed within fifteen (15) days after the occurrence of the cause of dissolution so as to carry out liquidation. The liquidation committee shall be composed of directors or people determined by the general meeting. If a liquidation committee is not established within the prescribed period, the Company's creditors can file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation committee. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation period:

- to sort out the Company's assets and to prepare a balance sheet and an inventory of assets;
- to notify creditors in announcement or public notices;
- to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- to pay any outstanding tax together with tax arising during the liquidation process;
- to settle the Company's claims and liabilities;
- to handle the Company's remaining assets after its debts have been paid off; and
- to represent the Company in civil procedures.

The liquidation committee shall notify the Company's creditors within 10 days of its establishment and publish an announcement in newspapers within 60 days. The creditors shall declare their claims to the liquidation committee within 30 days from receipt of notification or within 45 days from the date of announcement if they do not receive notification. Creditors must explain all matters related to their declared rights and provide supporting materials. The liquidation team shall register such declared claims. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon settling the property and preparing a balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to the general meeting or a people's court for endorsement.

The Company's remaining assets, after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts, respectively, shall be distributed to shareholders in proportion to shares held by them. The Company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The Company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the Company's property and preparation of the balance sheet and inventory of assets, if the liquidation committee becomes aware that the Company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws.

Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the general meeting or a people's court for confirmation. Following such confirmation, the report shall be submitted to the registration authority of the Company to cancel the Company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the Company's properties.

Members of the liquidation committee are liable to indemnify the Company and its creditors in respect of any loss arising from their willful or material default.

Overseas Listing

Pursuant to the Special Regulations, the shares of a company shall only be listed overseas after obtaining approval from CSRC. Subject to approval of the Company's plans to issue overseas-listed foreign shares and domestic shares by CSRC, the Board of Directors of the Company may implement such plans, respectively, within fifteen months from the date of approval by CSRC.

Loss of Share Certificates

A shareholder may apply, in accordance with the relevant provisions set out in the PRC Civil Procedure Law, to a people's court in the event that share certificates in registered form are lost, stolen or broken, for a declaration that such certificates will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the Company for the issue of a replacement certificate(s). The Mandatory Provisions provide for a separate procedure regarding the loss of share certificates of overseas-listed foreign shares.

Merger and Division

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If a company merges by absorbing another company, the absorbed company shall be dissolved. If two or more companies merge to create a new corporation, all merging companies shall be dissolved.

Securities Law and Regulations

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments. Since then, the CSRC took over the original function of the Securities Committee.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council on the Domestic Listed Foreign Shares of Joint Stock Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock companies having domestic listed foreign shares.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019 respectively. This is the first securities law in the PRC, and it is divided into 14 chapters and 226 articles regulating, among other things, the issuance and trading of securities, the acquisition of listed companies, stock exchanges, securities firms and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises which, directly or indirectly, issue securities or list and trade their securities abroad shall comply with the relevant regulations of the State Council. Article 225 of the Securities Law provides that for subscription and trading of shares of domestic companies in foreign currencies, detailed measures shall be stipulated by the State Council separately. Currently, the shares (including H Shares) issued and traded abroad are still governed by the rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (2017 Revision) (《中華人民共和國仲裁法》(2017年修訂)) (the “**Arbitration Law**”) was enacted by the Standing Committee of the NPC on August 31, 1994, which became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle the case, unless the arbitration agreement considered to be invalid.

The Mandatory Provisions require an arbitration clause to be included in the issuer's articles of association. The arbitration matters must include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations arising under its articles of association, the PRC Company Law or other relevant laws and administrative regulations.

When the aforementioned disputes or claims are submitted to arbitration, such disputes or claims shall be submitted in their entirety, and all persons who have a cause of action based on the same grounds or the persons whose participation is necessary for the resolution of such disputes or claims, shall comply with the arbitration. Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (“**CIETAC**”) in accordance with its rules or the Hong Kong International Arbitration Centre (“**HKIAC**”) in accordance with its securities arbitration rules (“**Securities Arbitration Rules**”). After the claimant has submitted the dispute or claim for arbitration, the other party must carry out arbitration in the arbitration institution selected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen

in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was amended on November 4, 2014 and implemented on January 1, 2015, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, including disputes involving Hong Kong based on the agreement of the parties. The arbitration commission is established in Beijing and its branches and centers have been set up in Shenzhen, Shanghai, Tianjin and Chongqing.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may directly apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》, the “**New York Convention**”) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognise and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was made between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. The Supreme People's Court adopted the Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) on June 18, 1999, which came into effect on February 1, 2000. Under the arrangement, awards made by PRC arbitration bodies pursuant to the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards can also be enforced in China.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Written jurisdiction agreement" refers to a written agreement defining the exclusive jurisdiction of either the people's court of China or the court of the Hong Kong Special Administrative Region in order to resolve any existing or possible dispute with particular legal relation by the party concerned. Therefore, the party concerned may apply to the court of China or the court of the Hong Kong to recognize and enforce the final judgment made in China or Hong Kong that meets certain conditions of the aforementioned regulations.

2. MATERIAL DIFFERENCES BETWEEN CERTAIN ASPECTS OF CORPORATION LAW IN THE PRC AND HONG KONG

The Hong Kong laws applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC, the Company is governed by the PRC Company Law and all other applicable rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of material differences between Hong Kong law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under the Hong Kong law, a company with share capital, shall be incorporated by the Registrar of Companies in Hong Kong by issuing certificate of incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain pre-emption provisions. A public company's articles of association do not contain such provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or subscription.

Share Capital

Under Hong Kong law, the shares of a Hong Kong company do not have nominal values. With the prior approval (if necessary) of shareholders, directors may procure the company to issue new shares within the maximum number (if any) of shares specified in the articles of association.

The PRC Company Law does not provide the concept of statutory share capital except for registered capital. The registered capital of a joint stock limited company is the total share capital subscribed for by all the promoters registered in the companies registration authority. An increase in the registered capital must be approved by the shareholders attending the shareholders' general meeting and the relevant PRC governmental and regulatory authorities (if applicable).

Hong Kong law does not provide for minimum capital required for companies incorporated in Hong Kong.

Under the PRC Company Law, shareholders may make capital contributions in the form of money or appraised non-monetary assets including real objects, intellectual property and land use right which can be appraised in money and transferred according to laws. Non-monetary assets to be used as capital contributions must be appraised and verified and should not be overvalued or undervalued. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on Transfer of Shares

Under PRC law, a joint stock limited company's domestic shares, which are denominated and subscribed for in Renminbi, in the share capital, generally may only be subscribed for and traded by the State, PRC legal persons, natural persons or other investment institutions permitted by laws and regulations. Overseas listed shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau, Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. If the H shares are eligible securities under the Hong Kong Stock Connect, they may also be subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to the public offering of the company cannot be transferred within one year from the listing date of the company's shares on a stock exchange. Shares in

a joint stock limited company transferred each year by its directors, supervisors and senior management during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management.

Apart from (i) a six-month lock-up period for issuance of additional shares by the company and (ii) a 12-month lock-up period for disposal of shares by controlling shareholders after listing, there are no such restrictions on shareholdings and transfers of shares under Hong Kong law.

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries on providing such financial assistance similar to those under Hong Kong law.

Notice of the Shareholders' General Meeting

Under the PRC Company Law, notices of an annual general meeting and an extraordinary general meeting must be given to shareholders 20 days and 15 days before the meeting, respectively. For a limited liability company incorporated in Hong Kong, the minimum period of notice is 14 days in case of other shareholders' meetings other than annual general meeting and 21 days in the case of an annual general meeting.

Quorum for Shareholders' General Meetings

Under Hong Kong company law, the quorum for a shareholders' general meeting must be two members unless the articles of association of the company otherwise provide. For one member companies, one member will be a quorum. The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting.

Voting at Shareholders' General Meetings

Under the PRC Company Law, the passing of any resolution of a shareholders' general meeting requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' general meeting in person or by proxy except in cases of resolutions of a shareholders' general meeting on amendments to the articles of association, increase or decrease of registered capital, a company's merger, division or dissolution, or change of corporation form, the resolution requires affirmative votes of shareholders representing more than two-thirds of the voting rights represented by the shareholders who attend the shareholders' general meeting in person or by proxy.

Under Hong Kong law, (i) an ordinary resolution may be passed by a simple majority of affirmative votes of the shareholders who attend the shareholders' general meeting in person or by proxy, and (ii) a special resolution may be passed by no less than three fourths of affirmative votes of the shareholders who attend the shareholders' general meeting in person or by proxy.

Variation of Class Rights

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can separately promulgate requirements relating to other classes of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect of variations of class rights. These provisions have been incorporated in the articles of association, which are summarized in Appendix IV to this document.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders representing three fourths of the nominal value of the issued shares in the class, (iii) with the consent of the Hong Kong company or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions. The company has, according to the Listing Rules and the Mandatory Provisions, adopted the provisions on protection of class rights similar to those in Hong Kong law in the articles of association.

Holders of overseas listed foreign shares and domestic shares are defined as different classes of shareholders in the articles of association. However, the special procedure for approval by independent class shareholders does not apply in the following cases: (I) upon the approval by way of a special resolution passed by a shareholders' general meeting, the company independently or simultaneously issues domestic shares and/or overseas listed foreign shares every 12 months, provided that the amount of each class of shares intended to be issued is not more than 20% of the issued and outstanding shares of the respective class as of the date of the special resolution of shareholders; (II) the company's plan on issuing domestic shares and overseas listed foreign shares at the time of incorporation, which is completed within 15 months upon the date of approval from the CSRC; and (III) the transfer of shares held by our holders of domestic shares to overseas investors or conversion of part of the domestic shares into overseas listed shares and trading of such shares in the overseas market upon approval of the CSRC.

Directors

The PRC Company Law, unlike Hong Kong law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' rights to carry out major disposals or companies providing certain benefits, or prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain requirements and restrictions on major disposals and specify the circumstances under which a director may receive compensation for loss of office. In addition, the PRC Company Law restricts the directors of a listed company who have interests or associations in the enterprises involved in the resolution of the board meetings from voting on the said resolution. All the above provisions have been incorporated in the articles of association, which are summarized in Appendix IV.

Supervisors

Under the PRC Company Law, a joint stock limited company's board of directors and general manager are subject to the supervision and inspection of the board of supervisors. There is no mandatory requirement for the establishment of a board of supervisors for a company incorporated in Hong Kong.

Derivative Action by Minority Shareholders

Under Hong Kong law, in the event that the directors control more than half of the votes at the shareholders' general meeting, thus effectively preventing the company from suing the directors in breach of fiduciary duty in its own name, minority shareholders may bring a derivative action on behalf of all shareholders against the directors in breach of fiduciary duty owed to the company. Pursuant to the PRC Company Law, in the event that the directors and senior management violate laws, administrative regulations or the articles of association in performance of duties to the company, thereby causing losses to the company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. If the supervisors are involved in the aforesaid circumstance, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceedings may cause irremediable damages to the interests of the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions further provide certain remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Hong Kong Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking to the company to observe the articles of association to enable minority shareholders to bring actions against negligent directors and supervisors.

Protection of Minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his/her interests may petition to the court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC Company Law stipulates that if a company which encounters substantial operational or management difficulties, and its continuance will cause significant losses to shareholders' interests and cannot be resolved through other channels, shareholders of the company who hold more than 10% of the voting rights of all shareholders may apply to a people's court for the dissolution of the company. The Mandatory Provisions, however, except for the obligations required by the laws or the listing rules of the stock exchanges in which the Company's shares are listed, provides that a controlling shareholder may not exercise its voting rights to relieve a director or supervisor of his/her duty to act honestly in the best interests of the company or make decisions to approve the expropriation by a director or supervisor (for his or others' interest) of the company's assets or the individual interests of other shareholders in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company.

Financial Disclosure

Under the PRC Company Law, a company is required to make available at the Office Location of company for inspection by shareholders its financial accounting report 20 days before its annual general meeting. In addition, a company of which the shares are publicly issued must publish its financial report in accordance with the PRC Company Law. A company shall prepare its financial accounting report at the end of each fiscal year, which reports shall be audited by certified public accountants according to the laws.

The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented before the company's annual general meeting, not less than 21 days before such meeting.

A company is required under the PRC law to prepare its financial statements in accordance with the PRC GAAP. The Mandatory Provisions require that a company also must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP.

The Special Regulations require that there should not be any contradiction between the information disclosure documents disclosed within and outside the PRC and prepared by a company. If there are differences in the information disclosed by a company within and outside the PRC in accordance with the relevant PRC and overseas laws, regulations and requirements of the Listing Rules of the stock exchanges, respectively, such differences should be disclosed simultaneously in the relevant stock exchanges.

Under Hong Kong laws, if the annual general meeting is held in a financial year, the company shall submit a copy of the report documents related to the above financial year to each shareholder at least 21 days before the date of the meeting.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the general meetings and financial accounting reports. Under the articles of association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong laws.

Dividends and Receiving Agent

Under the PRC Company Law and Hong Kong laws, dividends once declared will become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong laws is six years, while under the PRC laws this limitation period is three years. The Mandatory Provisions require that the company should appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of foreign shares dividends declared and all other monies owed by a joint stock limited company in respect of such foreign shares.

Corporate Reorganisation

Corporate reorganisations involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company to another company in the course of being wound up voluntarily pursuant to section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to section 673 of the Companies Ordinance which requires the sanction of the court. Under PRC laws, merger, division, dissolution, liquidation or change the form of a company has to be approved in the shareholders' general meeting.

Arbitration of Disputes

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the Hong Kong International Arbitration Centre or the China International Economic and Trade Arbitration Commission, at the claimant's discretion.

Mandatory Deductions

Under the PRC Company Law, a company shall withdraw 10% of the annual after-tax profits as the statutory reserve fund of a company. When the statutory reserve fund of a company reaches at or above 50% of the registered capital of a company accumulatively, no further allocation to this statutory reserve fund will be required. Upon resolution by the shareholders' general meeting, the Company may, after withdrawing the statutory reserve fund from the after-tax profits, withdraw any statutory reserve fund from the after-tax profits. There are no similar provisions in Hong Kong laws.

Corporate Remedies

Under the PRC Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the Articles of Association of a company, which results in damage to the company, that director, supervisor or manager shall be liable for compensation. In addition, the company's remedies are similar to those available under Hong Kong laws (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management personnel), in line with the Listing Rules.

Fiduciary Duty

In Hong Kong, there is a common law concept of directors' fiduciary responsibility. According to China Company Law and Special Regulations, directors, supervisors and senior managers have the obligations of loyalty and diligence to the company. They shall not take advantage of their position to seek business opportunities that should have been available to the company for themselves or others, or operate similar businesses to the company they serve for themselves or for others without the consent of the shareholders' general meeting.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days under certain circumstances) in a year, whereas, as required by the PRC Company Law and Mandatory Provisions, change of the register of shareholders arising from share transfer shall not be registered within 20 days before convening of a shareholders' general meeting or within five days prior to the base date on which the company decides to distribute dividends.

Hong Kong Listing Rules

The Listing Rules make additional provisions for issuers (“**PRC issuers**”) that seek or have made primary listing on the Hong Kong Stock Exchange for joint stock limited companies incorporated in China in accordance with the China laws. The main additional requirements applicable to the Company are summarized below.

Compliance Advisor

A PRC issuer seeking listing on the Hong Kong Stock Exchange is required to appoint a compliance advisor accredited by the Hong Kong Stock Exchange for the period from its listing date up to the date of the publication of its financial results for the first full financial year commencing after the listing date.

The compliance advisor should provide professional advice on continuous compliance with the Hong Kong Listing Rules and all other applicable laws and regulations, and to act at all times, in addition to its two authorized representatives, as the principal channel of communication with the Hong Kong Stock Exchange. The existing compliance advisor shall not be dismissed until a replacement approved by the Hong Kong Stock Exchange has been appointed. If the Hong Kong Stock Exchange considers that the compliance advisor has not fully fulfilled its responsibilities, it may require the PRC issuer to dismiss the compliance advisor and appoint a replacement.

The compliance advisor must keep the PRC issuer informed on a timely basis of changes in the Hong Kong Listing Rules and any applicable new or amended law, regulation, or code in Hong Kong. It must act as the PRC issuer’s principal channel of communication with the Hong Kong Stock Exchange if the authorized representatives of the PRC issuer are expected to be frequently outside Hong Kong.

Accountants’ Reports

Accountants’ reports are generally not acceptable unless the accounts have been audited in accordance with the standards similar to those in Hong Kong or in accordance with the International Standards on Auditing or the China Auditing Standards.

Agent for Service of Process

The PRC issuer must appoint and authorize a person to accept legal proceedings and notices served on it in Hong Kong while its securities are listed on the Hong Kong Stock Exchange; the PRC issuer shall also notify the Hong Kong Stock Exchange of details of the appointment, termination of the appointment and contact method of the authorized person.

Public Float

If at any time there are existing issued securities of a PRC issuer other than foreign shares which are listed on the Hong Kong Stock Exchange, under the Hong Kong Listing Rules, the aggregate amount of H shares and other securities held by the public shall constitute not less than 25% of the PRC issuer's issued share capital and the class of securities for which listing is sought shall not be less than 15% of the issuer's total issued share capital, with an expected market capitalization at the time of listing of not less than HK\$50 million. The Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% if the issuer is expected to have a market capitalization at the time of listing of more than HK\$10,000 million.

Independent Non-executive Directors and Supervisors

Independent non-executive directors of a PRC issuer shall have acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of all shareholders of the listed company will be adequately represented. The PRC issuer shall have at least one independent non-executive director who usually resides in Hong Kong. Supervisors must have the quality, expertise, morals and abilities commensurate with their positions.

Restrictions on Securities Repurchase

A PRC issuer may repurchase its own shares according to the Hong Kong Listing Rules. In seeking shareholders' approval for the repurchase of securities on the Hong Kong Stock Exchange or reporting on repurchase related matters, a PRC issuer is required to provide information on any proposed or actual purchases of all or any part of its equity securities, whether or not listed or traded on the Hong Kong Stock Exchange. The number of shares authorized to be repurchased by the issuer shall not exceed 10% of the number of outstanding shares of the issuer.

Redeemable Shares

An issuer must not issue any redeemable shares unless the Hong Kong Stock Exchange is satisfied that the relative rights of its shareholders are adequately protected.

Pre-emptive Rights

Except in the circumstances mentioned below, directors of a PRC issuer are required to obtain approval by way of a special resolution of shareholders at shareholders' general meeting, and the approvals by way of special resolutions of the holders of domestic shares and H shares (each being entitled to vote at shareholders' general meetings) at separate class meetings conducted in accordance with the articles of association, prior to authorizing, allotting, issuing or granting the following securities: (i) shares; (ii) securities convertible into shares; and (iii) options, warrants or similar rights to subscribe for any shares or such convertible securities. If the distribution of shares with voting rights will actually change the control rights of the PRC issuer, the directors of the PRC issuer shall not allocate such shares until they have obtained the prior approval of the shareholders by a special resolution at the shareholders' general meeting.

No such approval will be required unless (i) the existing shareholders have by special resolution at a shareholders' general meeting given a mandate to the PRC issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to recognize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of each of the domestic shares and overseas-listed foreign shares issued by the PRC issuer at that time; or (ii) such shares are issued as part of the PRC issuer's plan at the time of its establishment to issue domestic shares and overseas-listed foreign shares and such plan is implemented within 15 months from the date of approval by the CSRC and other qualified securities regulatory authority under the State Council.

Supervisors

The supervisors of a PRC issuer or any of its subsidiaries are connected persons. The issuer shall adopt rules governing dealings by the supervisors in listed securities of the issuer in terms as exacting as those of the Model Code set out in Appendix 10 to the Hong Kong Listing Rules.

A PRC issuer is required to obtain the approval of its shareholders at a shareholders general meeting (at which the relevant supervisor and his/her associates shall not vote on the relevant matter) prior to the PRC issuer or any of its subsidiaries entering into a contract of the following nature with a supervisor or proposed supervisor of the issuer or any of its subsidiaries: (1) the term of the contract is more than three years; or (2) the contract expressly requires the company (or its subsidiaries) to give more than one year's notice or to pay compensation or make other payments equivalent to the remuneration of more than one year if it intends to terminate the contract.

The remuneration committee of the issuer or an independent board committee must form a view in respect of service contracts that require shareholders' approval, tell shareholders whether the terms are fair and reasonable, advise whether such contracts are in the interests of the issuer and its shareholders as a whole, and advise shareholders (other than directors and shareholders with a material interest in the service contracts and their associates) on how to vote.

Amendment to Articles of Association

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law, the Mandatory Provisions and the Hong Kong Listing Rules.

Documents Available for Inspection

A PRC issuer is required to make the following documents available at a place in Hong Kong:

- a complete duplicate register of shareholders (for inspection by the public and shareholders free of charge, and for copying by its shareholders at reasonable charges); and
- copies of minutes of shareholders' general meetings (for inspection by the shareholders free of charge, and for copying by its shareholders at reasonable charges).

Documents for Display

A PRC issuer is required to present the following documents on the Stock Exchange's website and its own website:

- a report showing the state of the PRC issuer's issued share capital;
- the PRC issuer's latest audited financial statements and the reports of the board of directors, auditors and board of supervisors;
- special resolutions of the PRC issuer;
- reports showing the number and nominal value of the PRC issuer's securities repurchased by the PRC issuer since the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between domestic and foreign shares (and, if applicable, H shares)); and
- a copy of the latest annual return filed with the State Administration for Industry and Commerce of the PRC or other competent authorities.

Receiving Agent

A PRC issuer is required to appoint one or more receiving agents in Hong Kong to receive and keep, on behalf of the holders of relevant securities, the dividends declared and other monies payable by the PRC issuer in respect of its securities listed on the Hong Kong Stock Exchange, and hand over the same to the said holders.

Statements in H Share Certificates

A PRC issuer is required to ensure that all of its listing documents include the statements stipulated below and to instruct and cause its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until such holder submits to the share registrar a signed form in respect of such shares bearing statements to the following effect:

- the acquirer of the shares agrees with the PRC issuer and each of its shareholder, and the PRC issuer agrees with each shareholder, to observe and comply with the PRC Company Law, the Special Regulations and articles of association of the PRC issuer;
- the acquirer of the shares agrees with the PRC issuer, each shareholder, director, supervisor, manager and senior management personnel of the PRC issuer and the PRC issuer (acting both for itself and for each director, supervisor, manager and senior management personnel) agrees with each shareholder to refer all disputes and claims arising from the articles of association or any rights or obligations stipulated by the PRC Company Law or other relevant laws and administrative regulations in relation to its affairs to arbitration in accordance with the articles of association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- the acquirer of the shares agrees with the PRC issuer and each of its shareholder that shares of the PRC issuer are freely transferable by the holder thereof; and
- the acquirer of the shares authorizes the PRC issuer to enter into a contract on his/her behalf with each director and senior management personnel whereby such director and senior management personnel undertake to observe and comply with their obligations to shareholders as stipulated in the articles of association.

Legal Compliance

A PRC issuer is required to observe and comply with the PRC Company Law, the Special Regulations and its articles of association.

Contracts between the PRC Issuer and Directors, Senior Management Personnel and Supervisors

A PRC issuer is required to enter into a contract in writing with every director and senior management personnel containing at least the following provisions:

- the director or senior management personnel undertakes to the PRC issuer that he or she will observe and comply with the PRC Company Law, the Special Regulations, its articles of association, the Takeovers Code and Code on Share Repurchases, and agrees that the PRC issuer will enjoy the remedies provided in its articles of association and that such contract and his/her position shall not be transferred;
- the director or senior management personnel undertakes to the PRC issuer who's acting for each shareholder that he or she will observe and comply with his/her obligations to the shareholders as stipulated in the articles of association; and
- an arbitration clause which provides that whenever any disputes or claims arise from the contract, the articles of association or any rights or obligations stipulated by the PRC Company Law or other relevant law and administrative regulations concerning affairs (i) between the company and its directors or senior management personnel; and (ii) between a holder of overseas-listed foreign shares and a director or senior management personnel of the company, such disputes or claims will be referred to arbitration by the parties concerned. Disputes with respect to the definition of Shareholders and disputes concerning the register of Shareholders need not be resolved by arbitration. The decision made by the arbitral body shall be final and binding on all parties.

Subsequent Listing

A PRC issuer must not apply for the listing of its foreign shares on a PRC stock exchange unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of its overseas-listed foreign shares are adequately protected.

English Translation

All notices or other documents required under Chapter 13 of the Hong Kong Listing Rules to be sent by a PRC issuer to the Hong Kong Stock Exchange are required to be in English, or accompanied by a signed and certified English translation.

All documents (including accounts) provided by a PRC issuer in languages other than English must be accompanied by a signed and certified English translation. If so requested by the Hong Kong Stock Exchange, a person designated by the Hong Kong Stock Exchange shall be appointed in Hong Kong to provide additional translations at the expense of the PRC issuer.

General

If any change in the PRC law or market practices materially alters the validity or accuracy of any basis upon which the additional requirements have been prepared, the Hong Kong Stock Exchange may impose additional requirements or make listing of equity securities by a PRC issuer subject to special conditions as the Hong Kong Stock Exchange may consider appropriate. Whether or not any such changes in the PRC law or market practices occur, the Hong Kong Stock Exchange retains its general power under the Hong Kong Listing Rules to impose additional requirements and make special conditions.

This Appendix contains the summary of the principal provisions and subsequent amendments of the Articles of Association of our Company. As the main purpose of this appendix is to provide potential investors with an overview of the company's Articles of Association, it may not necessarily contain all the information that is important for investors.

EFFECTIVE DATE OF THE ARTICLES OF ASSOCIATION

Upon approval through a special resolution at the general meeting of the Company and by relevant state departments, the Articles of Association shall take effect on the date the overseas listed foreign shares issued by the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited, and shall on its effective date replace the previous Articles of Association of the Company filed at the competent administration for industry and commerce.

The Articles of Association will become a binding document that normalizes the organization and behavior of the Company and the right-duty relations between the Company and its shareholders and among the shareholders.

SHARES AND REGISTERED CAPITAL

The Company shall issue ordinary shares at all times. With the approval from authorities authorized by the State Council, the Company may issue other classes of shares when needed.

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same right.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

The shares of the Company shall be issued in the form of share certificates. All the shares issued by the Company shall have a nominal value, denominated in RMB, with each share having a nominal value of RMB1.

Both holders of domestic shares and foreign shares are ordinary shareholders and have the equal rights and obligations in distribution through any manners including but not limited to dividends.

INCREASE, DECREASE AND REPURCHASE OF SHARES**Increase of capital**

The Company may, based on its business and development needs and in accordance with the requirements of laws, regulations, and securities regulatory rules of the place where the Company's shares are listed, increase its capital in the following manners upon resolutions being adopted respectively by the general meetings:

- (1) by issuing new shares to non-specified investors;
- (2) by issuing new shares to specified investors;
- (3) by placing or distributing new shares to its existing shareholders;
- (4) by capitalizing its capital reserves;
- (5) by other ways permitted by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and pertinent regulatory authorities.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws and administrative regulations of the PRC.

Reduction of capital

The Company may reduce its registered capital.

In the event of reduction of registered capital, the Company shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of the resolution in respect of registered capital reduction and publish an announcement in newspapers within thirty days from the date of the resolution. The creditors shall, within thirty days from the date of receiving the notice or within ninety days from the date of publication of the announcement (for those who do not receive the notice), have a right to require the Company to settle their debts or to offer corresponding guarantees for their settlement.

The registered capital of the Company after such reduction shall not be lower than the statutory minimum amount.

Repurchase of shares

Only under the following circumstances, the Company may, according to the requirements of the laws, administrative regulations, departmental rules and the Articles of Association and obtaining the approval from relevant national competent authorities, repurchase its outstanding shares in accordance with statutory procedures:

- (1) reducing the Company's registered capital and cancelling shares;
- (2) merging with other companies which hold shares in the Company;
- (3) implementing share incentive plans;
- (4) acquiring shares held by shareholders, who vote against any resolution proposed in any general meeting on the merger or division of the Company, upon their request;
- (5) repurchasing to reserve the Company's value and shareholders' interests;
- (6) other circumstances as permitted by laws, administrative regulations, departmental rules, securities regulatory rules and competent authorities in the place(s) where the Company's shares are listed.

The Company may, under the circumstances that it observes laws and regulations, and relevant rules of competent securities authorities in the place(s) where the Company's shares are listed, repurchase its shares in one of the following manners with the approval from relevant national competent authorities:

- (1) by making a pro rata general offer of repurchase to all shareholders;
- (2) by repurchasing shares through public trading on a stock exchange;
- (3) by repurchasing shares through an off-market agreement;
- (4) by other means as permitted by laws, regulations, departmental rules, normative documents, securities regulatory rules in the place(s) where the Company's shares are listed and relevant competent authorities.

Where the Company repurchases its shares through an off-market agreement, it shall seek approval of the general meeting in accordance with the Articles of Association. The Company may terminate or amend an agreement entered into in the aforementioned manner or waive any of its rights thereunder with prior approval of the general meeting obtained in the same manner.

The agreement for the share repurchase referred to in the preceding paragraphs includes (but not limited to) agreements assuming obligations of share repurchase and acquiring the rights of the shares repurchased.

The Company shall not transfer an agreement for repurchasing its own shares or any of its rights thereunder.

With regard to the redeemable shares that the Company has the right to repurchase, if they are not repurchased on the market or by way of tender, the prices of these shares shall not exceed certain maximum price; if they are repurchased by way of tender, the tenders shall be available and proposed to all shareholders in the same manner.

After the shares are acquired by the Company pursuant to the requirements, the Company shall cancel such shares within the period prescribed by laws and administrative regulations, and shall apply to the original company registration authority for registration of the change in the registered capital.

After the Company acquired its shares in accordance with the Articles of Association as abovementioned, in the case of reducing the Company's registered capital and cancelling shares, the Company shall cancel its shares 10 days upon the date of acquisition; in the case of merging with other companies which hold shares in the Company, or acquiring shares held by shareholders, who vote against any resolution proposed in any general meeting on the merger or division of the Company, upon their request, the Company shall transfer or cancel its shares 6 months upon the date of acquisition; in the case of acquiring its shares to implement share incentive plans, or to reserve the Company's value and shareholders' interests, the number of shares held by the Company shall not exceed ten percent of the total number of the Company's issued shares, and such shares acquired shall be transferred or cancelled within three years. Where the laws, regulations, departmental rules, normative documents and relevant requirements of the Securities Regulatory Authorities in the place(s) where the Company's shares are listed contain any other provisions in respect of relevant matters abovementioned concerning share repurchasing, such provisions shall prevail.

The Company shall repurchase its H shares through public trading under the circumstances that it implements employee share scheme or share incentive plans, or repurchases its H shares to reserve the Company's value and shareholders' interests.

The amount of our registered share capital shall be reduced by the aggregate nominal value of those cancelled shares.

Unless the Company is under liquidation, it shall comply with the following provisions in respect of the repurchase of its outstanding shares:

- (1) where the Company repurchases its shares at nominal value, the amount thereof shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of a new issue of shares made for the repurchase of shares;

- (2) where the Company repurchases its shares at a price higher than nominal value, the portion corresponding to the nominal value shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of a new issue of shares made for the repurchase of shares. The portion in excess of the nominal value shall be handled as follows:
1. if the shares repurchased were issued at nominal value, payment shall be deducted from the book balance of the distributable profits of the Company;
 2. if the shares repurchased were issued at a price higher than their nominal value, payment shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of a new issue of shares made for the repurchase of shares, provided that the amount deducted from the proceeds of the new issue of shares shall not be more than the aggregate of premiums received by the Company at the time of the issue of the shares repurchased nor shall it be more than the amount of the Company's capital common reserve account (including the premiums on the new issue of shares) at the time of such repurchase;
- (3) payment by the Company for the following purposes shall be paid out of the Company's distributable profits:
1. acquisition of rights to repurchase shares of the Company;
 2. modification of any agreement for repurchasing shares of the Company;
 3. release the Company's obligations under any agreement for repurchasing its shares;
- (4) after the aggregate nominal value of the cancelled shares has been deducted from the registered capital of the Company in accordance with the relevant requirements, the amount deducted from the distributable profits for payment for repurchasing shares at their nominal value shall be accounted for in the Company's capital common reserve account.

Where the laws, regulations and relevant requirements of the Securities Regulatory Authorities in the place(s) where the Company's shares are listed contain any other provisions in respect of the accounting treatment related to the aforementioned share repurchases, such provisions shall prevail.

Transfer of shares

All fully paid H shares may be transferred freely in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without any reasons unless the following conditions are satisfied:

- (1) the instrument of transfer and any other documents and proofs related to or affecting the title of any H shares shall be registered, and if any payment shall be made to the Company for such registration, such payment shall not exceed the maximum amount stipulated by the Hong Kong Listing Rules from time to time;
- (2) the instrument of transfer only relates to the overseas listed foreign shares listed on the Hong Kong Stock Exchange;
- (3) the stamp duty required by the laws of Hong Kong for the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares shall be provided;
- (5) if the shares are to be transferred to joint holders, the number of joint shareholders registered shall not exceed four;
- (6) the relevant shares are free from all liens of the Company;
- (7) no shares shall be transferred to a minor or a person of unsound mind or under other legal disability.

If the Board of Directors refuses to register the transfer of shares, a notice of the rejection of registration of such transfer of shares shall be issued to the transferor and the transferee within two months upon the duly submission of transfer application.

The shares of the Company held by the promoters shall not be transferred within one year after the incorporation of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed and traded on the stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than twenty-five percent of the total number of their shares in the Company per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed and traded. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

Financial assistance for purchase of the Company's shares

The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers of the Company's shares include persons directly or indirectly undertaking obligations due to purchase of the Company's shares.

The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The acts listed below shall not be regarded as the acts prohibited:

- (1) the Company provides the relevant financial assistance in the interests of the Company in good faith, and the primary purpose of the said financial assistance is not to purchase the Company's shares, or the said financial assistance is part of a master plan of the Company;
- (2) the Company distributes its assets as dividends in accordance with the laws;
- (3) the Company distributes dividends in the form of shares;
- (4) the Company reduces its registered capital, repurchases its shares and adjusts the equity structure in accordance with the Articles of Association;
- (5) the Company provides a loan for its normal business operations within its business scope (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company);
- (6) the Company provides the funding for employee share scheme (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company).

"Financial assistance" includes (but not limited to) the following ways:

- (1) gift;
- (2) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to guarantee the performance of the obligation by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault) and termination or waiver of rights;

- (3) provision of a loan or signing of a contract under which the obligations of the Company are to be fulfilled prior to the fulfillment of the obligations of the other party to the contract, and a change in the party to such loan or agreement as well as the assignment of rights under such loan or contract;
- (4) financial assistance provided in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company's net assets.

For the purposes of the Articles of Association, the term “undertake obligations” shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement, whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person, or by changing its financial position in any other way.

SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Share certificates

The share certificates of the Company shall be in registered form.

The following shall be specified in the Company's share certificates:

- (1) the name of the Company;
- (2) the date on which the Company was established;
- (3) the class and par value of the shares and the number of shares represented;
- (4) the serial number of the share certificates;
- (5) other matters needed to be specified as required by the Company Law, the Special Regulations and the securities regulatory authorities of the place where the Company's shares are listed;
- (6) where the equity of the Company includes shares without voting rights, the words “non-voting shares” must appear in the designation of such shares;
- (7) where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.

The overseas listed foreign shares issued by the Company may take the form of overseas depository receipt or other derivative forms of share certificate in accordance with laws and securities registration and depository practice of the place where the Company's shares are listed.

The share certificates shall be signed by the Chairman of the Board. Where the signatures of other senior management of the Company are required by the stock exchange(s) where the Company's shares are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing of the Company seal to the share certificates shall be authorized by the Board. The signature of the Chairman of the Board or such other senior management of the Company on the share certificates may also be in printed form. In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the Securities Regulatory Authorities, the stock exchange(s) in the place(s) where the Company's shares are listed shall apply.

Register of shareholders

The Company shall establish a register of shareholders in accordance with the proofs provided by securities registration institutions and shall register therein the following particulars, or register the following particulars in accordance with PRC laws and regulations, relevant rules of HKEX, and relevant rules in the place(s) where the company's shares are listed:

- (1) the name (title), address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the serial number of the share certificate held by each shareholder;
- (5) the date on which each shareholder is registered as a shareholder;
- (6) the date on which each shareholder ceases to be a shareholder.

The shareholders' register is a sufficient evidence of the shareholders' shareholdings in the Company unless there is evidence to the contrary.

The Company may keep overseas the register of holders of overseas listed foreign shares and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the Securities Regulatory Authorities of the State Council and the overseas competent securities authorities. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of holders of overseas listed foreign shares. The entrusted overseas agent shall always ensure that the original and copies of the register of holders of overseas listed foreign shares are consistent.

Where the original and copies of the register of holders of overseas listed foreign shares are inconsistent, the original shall prevail.

The Company shall keep a complete shareholders' register.

The shareholders' register shall include the following parts:

- (1) the register(s) of shareholders kept at the Company's domicile other than those specified in items (2) and (3);
- (2) the register(s) of holders of overseas listed foreign shares kept in the place(s) of the overseas stock exchange(s) where the shares are listed;
- (3) the register(s) of shareholders kept in other places as the Board may decide and consider necessary for listing purposes.

The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register of shareholders.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

Change of the register of shareholders arising from share transfer shall not be registered within thirty days before convening of a general meeting or within five days prior to the reference date set by the Company for the purpose of distribution of dividends. Provisions otherwise provided by relevant laws and regulations, HKEX relevant rules, or the Securities Regulatory Authorities in the place(s) where the securities of the Company are listed shall prevail.

When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the recognition of shareholdings, the Board shall designate a certain date as the record date, at the end of which the shareholders in the register shall be shareholders of the Company.

If any person objects to the register of shareholders and requests to have his/her name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

If any shareholder in the register of shareholders or any person requesting to have his/her name (title) recorded in the register of shareholders loses his/her share certificates (hereinafter referred to as the “Original Share Certificates”), the said shareholder or person may apply to the Company to issue replacement certificates in respect of the said shares.

The Company shall not be liable for any damages suffered by any person arising from the cancellation of the Original Share Certificates or the issuance of a new replacement share certificate, unless the claimant can prove that the Company has committed a fraudulent act.

If the Company issues warrants to bearer instrument holders, it shall not issue any new warrants to replace the lost original ones, unless the Company without any reasonable doubts confirms that the original warrants have been damaged.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholder

A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of shareholders. A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and amount of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Where any of the joint shareholders deceases, only the surviving joint shareholders shall be deemed by the Company as having title to the relevant shares, but the Board may, for the purpose of modifying the register of shareholders, require the provision of a death certificate of the relevant shareholder as it deems appropriate. For joint shareholders of any share, only the person whose name stands first in the register of shareholders shall be entitled to receive such certificate of the relevant share or receive notice from the Company, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders of the relevant shares.

Rights and obligations of shareholders

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and amount of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

If the shareholder of the Company is a legal entity, the rights shall be enforced by its legal representative or a proxy of such legal representative.

The Company shall not exercise any rights to freeze or otherwise prejudice any rights attached to the shares held by any person who directly or indirectly has interest in the Company solely for the reason that such person fails to disclose to the Company any such interests.

The ordinary shareholders of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other profit distributions in proportion to their shareholdings;
- (2) the right to attend or appoint proxies to attend general meetings and to exercise the voting rights;
- (3) the right to supervise and manage the Company's business activities, to present proposals or to raise enquires;
- (4) the right to transfer shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
 1. the right to obtain a copy of the Articles of Association, subject to payment of cost;
 2. the right to inspect and copy, subject to payment of a reasonable charge:
 - i. the register of all the shareholders;
 - ii. personal particulars of each of the Company's Directors, Supervisors, General Manager and other senior management members, including:
 - (a) present and former name and alias;
 - (b) principal address (domicile);
 - (c) nationality;
 - (d) primary and all other part-time occupations and duties;
 - (e) identification documents and the numbers thereof;
 - iii. reports showing the status of the Company's issued share capital;
 - iv. reports showing the aggregate nominal value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year and the aggregate amount incurred by the Company for this purpose (with a breakdown between domestic shares and foreign shares);

- v. minutes of general meetings (only available for inspection to shareholders) and copies of the Company's resolutions of general meetings, Board meetings and meeting of Supervisory Committee;
- vi. the latest audited financial statements, and reports of Board of Directors, auditors and Supervisory Committee of the Company;
- vii. a copy of the latest Annual Inspection Form that has been filed with the PRC Administration for Industry and Commerce or other competent authorities.

3. Counterfoils of corporate bonds.

Documents of item 2i and 2v mentioned above and any other applicable documents shall be made available by the Company, according to the requirements of the Listing Rules, at the Company's address in Hong Kong, for the public and the shareholders to inspect free of charge (provided that minutes of general meetings are available for inspection by the shareholders only), and for the shareholders to copy at reasonable cost. When a shareholder requests to inspect the relevant information mentioned in the preceding paragraphs or obtain such materials, he/she shall provide the Company with such written documents evidencing the class and amount of shares his/her holds in the Company. The Company may provide such information per the shareholder's request after verifying his/her identity.

- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;
- (7) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to buy back their shares;
- (8) the right to initiate legal proceedings to the People's Court against acts which are detrimental to the interests of Company or infringe on the lawful interests of shareholders, and to claim the relevant interests pursuant to the Company Law or other laws and administrative regulations;
- (9) other rights under laws, administrative regulations, departmental rules, normative documents or relevant rules of securities regulatory institutions of the place(s) where the shares of the Company are listed and the Articles of Association.

The Company shall not exercise any rights to freeze or otherwise prejudice any rights attached to the shares held by any person who directly or indirectly has interest in the Company solely for the reason that such person fails to disclose to the Company any such interests.

The ordinary shareholders of the Company shall have the following obligations:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to execute resolutions of the general meeting and to preserve the legitimate interests of the Company;
- (3) to pay capital contribution for the shares subscribed for in the prescribed method of subscription;
- (4) except as otherwise provided by laws and regulations, withdrawal of share capital shall not be permitted;
- (5) not to abuse shareholder's right to prejudice the interests of the Company or other shareholders; not to abuse the independent status of legal person of the Company or shareholder's limited liability to prejudice the interests of the creditors of the Company. Shareholders of the Company who abuse their shareholder's rights and thereby causing loss to the Company or other shareholders shall be liable for compensation according to the law. Where shareholders of the Company abuse the independent status of legal person of the Company and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;
- (6) to undertake responsibilities for the Company within the scope of shares subscribed;
- (7) to fulfill other obligations as stipulated by laws, administrative regulations departmental rules, normative documents, relevant rules of securities regulatory institutions of the place(s) where the shares of the Company are listed and the Articles of Association.

Shareholders shall not be liable for further contribution to share capital other than the conditions agreed to as a subscriber of the shares at the time of subscription.

SHAREHOLDERS' GENERAL MEETING

General rules for the Shareholders' General Meeting

The general meeting is the authority of power of the Company, and shall exercise the following duties and powers in accordance with the law:

- (1) to decide the Company's operational policies and investment plans;
- (2) to elect and change the Directors and Supervisors who are not representatives of the employees and decide on the remunerations of Directors and Supervisors;

- (3) to examine and approve reports of the Board of Directors;
- (4) to examine and approve reports of the Supervisory Committee;
- (5) to examine and approve the proposed annual financial budgets, final accounts, balance sheets, profit statements and other financial statements of the Company;
- (6) to examine and approve the profit distribution plans and loss recovery plans of the Company;
- (7) to examine and approve the annual reports of the Company;
- (8) to make resolutions on the increase or reduction of the registered capital of the Company as well as issuance of any classes of shares, warrants, and other similar securities;
- (9) to make resolutions on the merger, division, dissolution, liquidation or change in the form of the Company;
- (10) to make resolutions on the issuance of corporate bonds and other securities and listing of the Company;
- (11) to make resolutions on the engagement, removal, or discontinuance of engagement of accounting firms by the Company;
- (12) to amend the Articles of Association;
- (13) to examine the proposals by the shareholders severally or jointly holding three percent or more of the voting shares of the Company;
- (14) to examine the matters relating to the purchases and disposals of the Company's material assets or the provisions of guarantees within one year with an amount exceeding thirty percent of the Company's latest audited total assets;
- (15) to examine the share incentive schemes;
- (16) to examine other matters required to be resolved at the general meeting pursuant to laws, administrative regulations, departmental rules, normative documents or relevant listing rules of securities regulatory institutions of the place(s) where the shares of the Company are listed and the Articles of Association, such as investment and acquisition, or asset disposition, financing and related transactions.

When the general meeting reviews matters of related transactions, related shareholders shall not attend the voting procedure, and the number of voting shares they represent shall not be counted in the total number of valid votes, if required by competent laws, regulations and listing rules of securities exchange in the place(s) where the Company's shares are listed; resolution of the general meeting shall fully explain the situation of non-related shareholders' voting. Related shareholders shall abstain from voting and if not, other shareholders presented or chairman of the general meeting are entitled to require the related shareholders to do so. After related shareholders abstain from voting, other shareholders shall carry out the voting procedure subject to their voting rights, and pass corresponding resolutions in accordance with the Articles of Association; the abstention of the related shareholders and the voting procedure shall be recorded in the meeting minutes.

Resolutions of the general meeting on related transactions shall only be effective when adopted by more than one half of the voting rights held by non-related shareholders (including their proxies) attending the general meeting. However, when related transaction issues involve with matters that shall be resolved by special resolutions in accordance with the Articles of Association, resolutions of the general meeting on related transactions shall only be effective when adopted by more than two thirds of the voting rights held by non-related shareholders (including their proxies) attending the general meeting.

The general meeting can authorize or entrust the Board or any person authorized by the Board to handle the matters authorized or entrusted thereby, provided that the laws, administrative regulations, departmental rules, normative documents or relevant securities regulatory rules and rules of securities regulatory institutions of the place(s) where the shares of the Company are listed are not violated.

In addition to the situation that the Company is in crisis or other special circumstances, the Company shall not enter into contracts with a party (other than a Director, Supervisor, the General Manager and other senior management members) in relation to handover of the administration of all business or the important business of the Company to that party without the approval of the general meeting by special resolution.

Our Company's guarantees provided to shareholders or de facto controller(s) shall be subject to consideration of the general meeting.

If a director, General Manager and any other senior management member violates the requirements on the approval authority and consideration procedures for external guarantees as specified in laws, administrative regulations or the Articles of Association, thereby causing the Company to suffer a loss, he or she shall be held liable for compensation, and the Company may institute a legal action against him or her according to the laws.

The general meetings consist of annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months from the end of the previous accounting year.

To hold an annual general meeting, the time, venue and matters to review shall be noticed to the shareholders at least twenty one days before the meeting is held; to hold an extraordinary general meeting, the shareholders shall be noticed at least fifteen days before the meeting is held. If laws, regulations, relevant securities regulatory rules and other normative documents in the place(s) where the Company's shares are listed contain any other provisions in respect of matters abovementioned, such provisions shall prevail.

The extraordinary general meeting shall be convened as and when necessary. In the occurrence of any of the following events, the Board of Directors shall convene an extraordinary general meeting within two months:

- (1) when the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (3) when shareholder(s) individually or jointly holding ten percent or more of the Company's issued shares carrying voting rights request(s) in writing to convene an extraordinary general meeting (the number of shares held shall be the figure as at the date of the written request from the shareholder);
- (4) when deemed necessary by the Board or when proposed by the Supervisory Committee;
- (5) any other circumstances stipulated by laws, administrative regulations, departmental rules, normative documents or relevant rules of securities regulatory institutions of the place(s) where the shares of the Company are listed or the Articles of Association.

Proposals of the shareholders' general meeting

When a general meeting is convened by the Company, the Board, Supervisory Committee and shareholders who individually or jointly hold three percent or more of the shares of the Company, shall be entitled to make proposals to the Company.

Shareholders, who individually or jointly hold three percent or more of the shares of the Company, may submit ad hoc proposals in writing to the convener ten days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within two days upon receipt of the proposals.

In addition, the convener, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

The general meeting shall not vote or resolve on any proposals which are not contained in a notice of the general meeting or are not in compliance with the Articles of Association.

Notices of the shareholders' general meeting

Notice of a general meeting shall satisfy the following requirements:

- (1) be in writing;
- (2) specific venue, date and time of the meeting; when a general meeting adopts online voting or voting via telecommunication, the time, voting procedure and matters to review shall also be indicated in the notice;
- (3) matters to be considered at the meeting;
- (4) any information and explanations necessary to be made available to the shareholders for such shareholders to make sound decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the reasons and effects when the Company proposes mergers, repurchase of shares, equity restructuring or other restructuring;
- (5) in the event that any of the Directors, Supervisors, General Manager and other senior management has material interests in matters to be discussed, the nature and extent of the interests shall be disclosed. If the matters to be discussed affect any Director, Supervisor, General Manager and other senior management as a shareholder in a manner different from the manner they affect other shareholders of the same class, the difference shall be explained;
- (6) the full text of any special resolution to be proposed for approval at the meeting;
- (7) a prominent statement that all shareholders are eligible for attending the general meeting and are entitled to appoint proxies in writing to attend and vote at such meeting on his/her behalf, and that such proxy does not need to be a member of the Company;
- (8) the time and venue for lodging a proxy form for the meeting;
- (9) the record date of the shareholders entitled to attend the meeting;
- (10) the name and phone number of permanent contact person for the meeting;
- (11) other requirements provided by laws, regulations, departmental rules, securities regulatory rules in the place(s) where the Company's shares are listed, and the Articles of Association.

The notice of the general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the general meeting) by hand or postage prepaid mail. The address of the recipient shall be the registered address as shown in the register of shareholders. For holders of Domestic Shares, the notice of the general meeting may also be given by way of announcement.

The announcement referred above shall be published in one or more newspapers designated by the Securities Regulatory Authorities of the State Council. Once such an announcement is made, all holders of the Domestic Shares shall be deemed to have received the relevant notice of the general meeting.

Under the circumstances that laws, regulations and requirements of securities regulatory rules in the place(s) where the Company's shares are listed are observed and relevant procedures are executed, for holders of H shares, the Company may also serve the notice of the general meeting by publishing on the Company's website and websites designated by HKEX, or in other manners permitted by *Hong Kong Listing Rules* and the Article of Association, in replacement of serving on the holders of H shares by hand or postage prepaid mail.

Convening of shareholders' general meetings

Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as his or her proxy to attend and vote at the meeting on his or her behalf. The proxy(ies) so appointed by the shareholder(s) may, pursuant to the instructions of the shareholder(s), exercise (including but not limited to) the following rights:

- (1) the shareholders' right to speak at the general meeting;
- (2) the right to demand a poll by himself/herself or jointly with others;
- (3) the right to exercise voting rights by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

If the shareholder is an authorized clearing house or its agent defined by relevant rules in Hong Kong made from time to time, such shareholder is entitled to appoint one or more persons or representatives of the Company it deems suitable to act as its proxy in any general meeting or shareholders' class meeting or creditors' meeting. If one or more persons is/are appointed as proxy(ies), the power of attorney shall clearly state the number and the class of shares represented by each of the proxies. The power of attorney shall be subject to the signature of the appointer of the authorized clearing house. The proxies so appointed may attend meetings (without certifying their due authorization by show of shareholding certificate, notarized power of attorney and/or further evidence) and exercise rights on behalf of the authorized clearing house (or its agent), and shall enjoy legal rights including the rights to speak and vote as other shareholders do, as if that proxy is an individual shareholder of the Company.

The appointment of a proxy shall be in writing and signed by the appointing shareholder or his/her attorney duly authorized in writing; where the appointing shareholder is a legal person, such appointment shall be affixed with its seal or made by its Director or person duly authorized signing forms of appointing representatives.

The general meeting shall be convened by the Chairman of the Board, who shall also act as the chairman of the meeting. If the Chairman is unable to attend the meeting, the Board may appoint a director of the Company to convene and act as the chairman of the meeting on his/her behalf. In the event that no chairman is appointed, the attending shareholders shall elect one person to act as the chairman of the meeting; if, for any reason, the shareholders fail to elect a chairman of the general meeting, the shareholder (including his/her proxy) holding the largest number of voting shares among the attending shareholders shall be the chairman of the general meeting.

Resolutions of shareholders' general meetings

Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by more than one half of the voting rights held by shareholders (including their proxies) attending the general meeting.

Special resolution at a general meeting shall be adopted by two-thirds or more of the voting rights held by shareholders (including their proxies) attending the general meeting.

The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (1) to determine the business policies and investment plans of the Company;
- (2) work reports of the Board and the Supervisory Committee;
- (3) profit distribution plan and loss recovery plan formulated by the Board;
- (4) election and substitution of directors and non-employees' representative members of Supervisory Committee, and dismissal of the members of the Board and Supervisory Committee, and remuneration and payment methods thereof;
- (5) annual financial budget report, final accounts report, balance sheets, income statements and other financial statements of the Company;
- (6) to review and approve the Company's annual report;
- (7) to resolve on whether the Company shall hire, dismiss or not continue to hire an accounting firm;

- (8) to review the Company's employee incentive plans, while the following rules on special resolutions shall be applied if the employee incentive plans involve any increase or reduction of registered capital, or issuance of any kinds of shares, options and other similar securities.
- (9) matters other than those requiring approval by special resolutions in accordance with laws, administrative regulations, departmental rules, normative documents or relevant rules of securities regulatory institutions of the place(s) where the shares of the Company are listed or the Articles of Association.

The following matters shall be resolved by way of special resolutions at a general meeting:

- (1) increase or reduction of registered capital of the Company and issue of shares of any class, stock warrants or other similar securities;
- (2) issuance of corporate bonds;
- (3) division, merger, dissolution, liquidation or change in the form of the Company;
- (4) amendments to the Articles of Association and other constitutional documents;
- (5) purchase or disposal of major assets or the provision of security by the Company within one year with the value exceeding thirty percent of the latest audited total assets of the Company;
- (6) other matters as resolved by an ordinary resolution at general meetings that will have a material impact on the Company and accordingly shall be approved by a special resolution;
- (7) matters requiring approval by special resolutions in accordance with laws, administrative regulations, departmental rules, normative documents or relevant rules of securities regulatory institutions of the place(s) where the shares of the Company are listed or the Articles of Association.

Shareholders attending a general meeting (including their proxies) shall expressly specify whether they are in favor of or against any matter which is being voted for. Any abstention vote or waiver of voting shall be deemed as "abstain". Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstain". The abstention vote shall be regarded as valid votes when the Company counts the votes in respect of the relevant matter.

Shareholders (including their proxies) who vote at a general meeting shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. However, shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

In accordance with relevant regulations of securities regulatory authority at the location where the shares of the Company are listed, the chairman of the meeting shall decide in the principle of good faith to allow voting by a show of hands for proposals purely regarding administrative or procedural matters. Except for the situations abovementioned, any vote made by shareholders at a general meeting shall be conducted by polls.

If the matter required to be voted by way of a poll relates to election of chairman or adjournment of meeting, a poll shall be conducted immediately; in respect of other matters required to be voted by way of a poll, the chairman may decide the time of a poll, and the meeting may proceed to consider other matters. The voting results shall still be deemed as resolutions passed at the said meeting.

When voting by a poll, shareholders (including their proxies) entitled to two or more votes need not cast all their votes for or against in the same way.

When the number of votes against and in favor are equal, either by a show of hands or by a poll, the chairman of the meeting shall be entitled to an additional vote.

The chairman of the meeting shall be responsible for determining whether a resolution of a general meeting has been passed. His/her decision shall be final and conclusive. It shall be announced at the meeting and recorded in the minutes of the meeting.

In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he/she may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy who objects to the result announced by the chairman of the meeting may demand that the votes counting immediately after the announcement of the voting result, and the chairman of the meeting shall have the votes counted immediately.

In the event that the votes are counted at the general meeting, the counting results shall be recorded in the minutes of the meeting.

The Board of Directors shall keep minutes of its resolutions on the matters discussed at the meeting. Chairman of the meeting and Directors, who attended the meeting, shall sign on the minutes of that meeting. The minutes of meeting together with the attendance record of the attending shareholders, the power of attorney of the proxies shall be kept at the Company's domicile.

Special procedures for voting of class shareholders

Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy the rights and assume the obligations in accordance with laws, administrative regulations, regulations in the place(s) where the Company's shares are listed, and the Articles of Association.

The Company shall not proceed to change or abrogate the rights of class shareholders unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder meeting convened by the class shareholders so affected in accordance with the Articles of Association.

The following circumstances shall be deemed as change or abrogation of the rights of a certain class shareholder:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (3) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;
- (4) to reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to receive distributions of assets in a liquidation of the Company;
- (5) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;
- (6) to cancel or reduce rights to receive company payables in a particular currency attached to the shares of the said class;
- (7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;
- (8) to restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;

- (9) to issue rights to subscribe for, or to convert into, shares of the said class or another class;
- (10) to increase the rights and privileges of the shares of another class;
- (11) to restructure the Company in such a way to cause shareholders of different classes to undertake liabilities disproportionately during the restructuring;
- (12) to amend or cancel provisions in this chapter.

Shareholders of the affected class, whether or not with the rights to vote at general meetings originally, shall have the right to vote at shareholders' class meetings in respect of matters referred to in items (2) to (8) and (11) to (12) above, except that interested shareholders shall not vote at such shareholders' class meetings.

The term "interested shareholders" in the preceding paragraph shall mean:

- (1) in case of a buy-back of shares by the Company by way of a general offer to all shareholders in equal proportion or by way of open market transactions on a stock exchange in accordance with Article 27 of the Articles of Association, the controlling shareholders as defined in Article 57 of the Articles of Association shall be the "interested shareholders";
- (2) in case of a buy-back of shares by the Company by an off-market agreement in accordance with Article 27 of the Articles of Association, holders of shares in relation to such agreement shall be the "interested shareholders";
- (3) in case of a proposed restructuring of the Company, shareholders who assume a relatively lower proportion of obligation than the obligations imposed on the other shareholders of that class or who have an interest in the proposed restructuring that is different from the general interests in such proposed restructuring of the other shareholders of that class shall be the "interested shareholders".

Resolution of a shareholders' class meeting shall be passed only by two-thirds or more of the total voting rights being held by the shareholders of that class, who are entitled to do so, present and vote at the shareholders' class meeting in accordance with the Articles of Association.

To hold a shareholders' class meeting, the Company shall send a notice in writing in accordance with requirements provided in the Articles of Associations on time limit for the notification about holding general meetings, and inform all registered shareholders of such class of the date, venue and matters to review of the meeting. Where the laws and regulations, rules of securities exchange in the place(s) where the Company's shares are listed, and other normative documents contain any other provisions in respect of relevant matters abovementioned, such provisions shall prevail.

Where the listing rules of securities exchange in the place(s) where the Company's shares are listed contain any other provisions in respect of relevant matters abovementioned, such provisions shall prevail.

The notice of a shareholders' class meeting shall be sent to the shareholders entitled to vote at such meeting only.

The procedure of a shareholders' class meeting shall, to the extent possible, be identical with the procedure of a general meeting. Provisions of the Articles of Association relevant to procedure for the holding of a general meeting shall be applicable to a shareholders' class meeting.

In the following circumstances, the special procedures for voting by class shareholders shall not apply:

- (1) with the approval by a special resolution at the general meeting, the Company issues Domestic Shares or overseas listed foreign shares alone or at the same time at each interval of twelve months and the number of the proposed Domestic Shares and overseas listed foreign shares does not exceed twenty percent of the respective outstanding shares of such class;
- (2) the Company has made the plans to issue Domestic Shares or overseas listed foreign shares at the time of incorporation and the implementation of such plan has been completed within fifteen months from the date of approval by the competent securities authority of the State Council;
- (3) with the approval of the competent securities authorities of the State Council, the holders of the domestic shares of the Company transfer their shares to overseas investors and such shares are listed and traded on the overseas stock exchanges;
- (4) to amend matters in the Articles of Association regarding the convening, holding and authorization of shareholders' class meeting, in accordance with the amendment made from time to time of the laws, departmental rules, and securities regulatory rules in the place where the Company's shares are listed.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected at the general meeting with a term of three years. A Director may serve consecutive terms if re-elected upon the expiry of his/her term. Before the expiration of the term of office of a director, the general meeting of shareholders cannot remove him/her without reasonable reasons.

A Director need not hold any shares in the Company.

With prior approval given at a general meeting, the Company shall enter into written contracts relating to emoluments with the Directors. Such emoluments include:

- (1) emoluments in respect of his/her service as Directors, Supervisors or senior management members of the Company;
- (2) emoluments in respect of his/her service as Directors, Supervisors or senior management members of subsidiaries of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the Company and its subsidiaries;
- (4) payment by way of compensation for loss of office, or as consideration for or in connection with his/her retirement from office.

No litigation shall be brought by the Directors or Supervisors against the Company for any benefit due to him/her in respect of the abovementioned matters except pursuant to the contracts mentioned above.

Directors shall abide by the laws and regulations and the articles of association of the company, and have the duty of loyalty and diligence to the company.

The Company shall neither directly or indirectly make a loan to or provide any security for the Directors, Supervisors, General Manager and other senior management members of the Company or its parent, nor make a loan or provide any security for any of their respective associates.

The foregoing provision is not applicable in the following circumstances:

- (1) the provision by the Company of a loan to or a security for its subsidiaries;
- (2) the provision by the Company of a loan or a security or any other funds available to its Directors, Supervisors, General Manager and other senior management members to meet expenditures incurred by him/her for the purpose of the Company or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting;
- (3) if the ordinary business scope of the Company includes the lending of money and provision of security, the Company may make a loan to or provide a security to the relevant Directors, Supervisors, General Manager and other senior management members or their respective associates on normal commercial terms.

The Board of Directors

The Company shall have a Board of Directors which consists of eleven Directors with two executive directors, five non-executive directors and four independent non-executive directors. The Board of Directors has one chairman.

The Board of Directors shall be accountable to the general meeting and exercise the following powers and duties:

- (1) to convene a general meeting and submit a work report to such meeting;
- (2) to implement the resolutions of a general meeting;
- (3) to decide on the operation plan and investment scheme of the Company;
- (4) to prepare the draft annual budget and final accounts of the Company;
- (5) to prepare the profit distribution plan and loss recovery plan of the Company;
- (6) to prepare the plan for the Company to increase or reduce its registered capital, issuance of bonds or other securities and listing plans;
- (7) to prepare plans for merger, divisions, dissolution of the Company and change of the Company's form;
- (8) to prepare plans for major assets acquisition and disposal, repurchase of the shares of the Company;
- (9) to decide on the establishment of the internal management organizations of the Company;
- (10) to appoint or remove the General Manager of the Company; to appoint or remove Vice General Manager pursuant to the nominations of the General Manager; to decide on the remuneration and rewards and penalties of them; and based on the Company's need, to appoint other senior management members within the scope of its authorization in accordance with relevant laws and regulations
- (11) to establish a basic management system of the Company;
- (12) to prepare plans to amend the Articles of Association;
- (13) to prepare share incentive schemes;

- (14) to review matters which need to be submitted to the shareholders' meeting for approval and be disclosed or publicized in accordance with listing rules of the stock exchange where our shares are listed, including investment, acquisition or disposal of asset, financing and related transactions.
- (15) to review matters which need not to be submitted to the shareholders' meeting for approval but shall be disclosed or publicized in accordance with listing rules of the stock exchange where our shares are listed, including investment, acquisition or disposal of assets, financing and related (connected) transactions.
- (16) to decide on other major matters of the Company except for those as required by relevant laws, administrative regulations, the listing rules of the stock exchange where our shares are listed and the provisions of the Articles of Association to be passed by resolutions at the general meetings;
- (17) to exercise other functions and powers conferred by relevant laws, administrative regulations, the listing rules of the stock exchange where our shares are listed, the Articles of Association or the general meetings.

Resolutions relating to the above, with the exception of items (6), (7) and (12) which shall be approved by not less than two-thirds of the Directors, shall be approved by not less than half of the Directors.

The board meeting can be held only when there are more than one half of the directors (including entrusted directors) attending the meeting. Every director is entitled to one vote. Except otherwise provided in the Articles of Association, resolutions made by the board must be passed by more than one half of all directors. When the number of votes against and in favor are equal, the chairman of the board shall be entitled to an additional vote. Resolutions in respect of related transactions made by the Board of the Company shall come into effect only after they are signed by the independent Directors. When the Board of Directors considers any related transaction matters, the related Directors shall abstain from voting and shall not vote on behalf of other Directors. If less than three non-related Directors attend the meeting, such transaction shall be submitted to the general meeting for approval. Under the circumstance that Directors abstain from voting, relevant board meeting can be held when there are more than one half of the non-related Directors (including entrusted directors) attending the meeting, and the resolutions made shall be passed by more than one half of non-related Directors. Related Directors shall include Directors who fall into any of the followings: (1) the counterparty of a transaction; (2) owning direct or indirect control over the counterparty of a transaction; (3) holding a position in the counterparty or a legal person or other organization directly or indirectly controlling or controlled by such counterparty; (4) a close family member of the counterparty or the person who has direct or indirect control over the counterparty; (5) a close family member of any Director, Supervisor or senior management of the counterparty or the person who has direct or indirect control over the counterparty; (6) a person which is considered to be able to affect the independent commercial judgment of the Company for other reasons as determined by the Company; (7) other circumstances where Directors are related to the matters in the meeting proposals and thus shall abstain from voting in accordance with securities regulatory rules (including but not limited to *Hong Kong Listing Rules*) in the place(s) where the Company's shares are listed and the Articles of Association.

SUPERVISORY COMMITTEE

The Company shall establish a supervisory committee.

The Supervisory Committee consists of three members and one of them should be the chairman. The term of office of a supervisor is three years and the supervisors can be re-elected and re-appointed. Members of the Supervisory Committee consist of two shareholder representative supervisor, one employee representative supervisors.

The Supervisory Committee shall be accountable to the general meeting, and exercise the following duties and powers according to the laws:

- (1) to review the financial position of the Company;
- (2) to supervise the performance of Directors and senior management members if they violate laws, administrative regulations or the Articles of Association in fulfilling their duties to the Company, and propose dismissal of Directors and senior management members that have violated laws, administrative regulations, the Articles of Association or resolutions of the general meeting;
- (3) to demand rectification by Directors and senior management members of the Company when the acts of such persons are prejudicial to the Company's interest;
- (4) to review financial information such as financial reports, business reports, and profit distribution plans as proposed by the Board to the general meetings, and to engage certified public accountants and practicing auditors to assist with further examination in the name of the Company if there are any queries;
- (5) to propose the convening of an extraordinary general meeting, and to convene and preside over the general meeting when the Board fails to perform such duties;
- (6) to put forward proposals to general meetings;
- (7) to propose the convening of extraordinary general meetings of the Board of Directors;
- (8) to negotiate with Directors on behalf of the Company or initiate litigations against Directors and senior management members;
- (9) other duties and powers conferred by laws, administrative regulations and the Articles of Association.

Supervisors may present at meetings of the Board of Directors.

FINANCIAL REPORT AND PROFIT DISTRIBUTION**Financial report**

The Company shall establish its financial and accounting system in accordance with relevant laws and administrative regulations, and PRC accounting standards formulated by the competent financial authorities under the State Council.

The Company shall prepare a financial report at the end of each fiscal year, and such financial report shall be audited by an accounting firm in compliance with laws.

The Board of Directors of the Company shall submit the financial report prepared by the Company under relevant laws, administrative regulations and normative documents issued by local government and competent authorities to shareholders at each annual general meeting.

The financial report of the Company shall be kept at the Company and shall be made available to the shareholders twenty days before the annual general meeting is held. Each shareholder of the Company shall have the right to obtain the financial report mentioned in this Chapter.

The Company shall send the report mentioned above or the report of the Board of Directors together with the balance sheet (including all documents which are required to be attached to the balance sheet under the laws) and profit and loss statement, statement of income and expenditure or financial summary report to each holder of overseas listed foreign shares by prepaid mail at least twenty-one days before the convening of the annual general meeting of shareholders. The address of the recipient shall be the registered address as shown on the register of shareholders. Under the circumstance that relevant procedures are observed, reports abovementioned can also be sent in the form of publishing on the website of HKEX in accordance with *Hong Kong Listing Rules*.

Any interim results or financial information published or disclosed by the Company must also be prepared in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or those of the place outside the PRC where the Company's shares are listed.

The Company shall publish two financial reports in each fiscal year; the interim financial report shall be published within sixty days after the end of the first six months of a fiscal year; the annual financial report shall be published within one hundred and twenty days after the end of the fiscal year.

The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

Profit distribution

The Company shall, when distributing its after-tax profits of the year, withdraw ten percent of the profits into the Company's statutory reserve fund. The Company may not withdraw a statutory reserve fund if the cumulative amount has reached fifty percent or more of the Company's registered capital.

If the Company's statutory reserve fund could not cover the losses of the preceding year, profit of the year shall be used to cover the losses before withdrawing, according to the foregoing provision, the statutory reserve fund.

After the Company has withdrawn the statutory reserve fund from the after-tax profits, the Company may also withdraw discretionary statutory reserve fund from the after-tax profits upon the approval of the general meeting.

After losses have been covered and the statutory reserve fund has been allocated, if any remaining after-tax profits shall be distributed, they shall be distributed to the shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

Where the general meeting distributes profits to shareholders before losses have been covered and the statutory reserve fund has been allocated, which is in violation of the foregoing provision, the shareholders concerned shall refund to the Company the profits distributed in violation of the foregoing provision.

The shares of the Company held by the Company shall not be subject to profit distribution.

The Company shall appoint collection agents for holders of overseas listed foreign shares. The collection agents shall, on behalf of the related shareholders, collect distributed dividends and other payables by the Company for the overseas listed foreign shares.

The collection agents appointed by the Company shall be in compliance with the requirements of the laws or local stock exchange at the place where the shares of the Company are listed.

The collection agents appointed by the Company for holders of overseas listed foreign shares, which are listed in Hong Kong, shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.

The Company may exercise the power to cease sending dividend warrants to holders of overseas listed foreign shares by post if such warrants have been left uncashed for two consecutive times. Nevertheless, the Company may exercise such power after the first occasion on which such undelivered warrants are returned.

The Company may sell the shares held by a holder of overseas listed foreign shares who is untraceable in such ways as the Board of Directors thinks fit, provided that the following conditions shall be complied with:

- (1) at least three dividends have been distributed in respect of such shares during the period of 12 years, and no dividend has been claimed by the shareholder during that period; and
- (2) upon the expiry of the 12-year period, the Company shall make an announcement in one or more newspapers at the place where the shares of the Company are listed stating the Company's intention to sell the shares, and notify the Hong Kong Stock Exchange of such intention.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved and liquidated according to laws in any of the following circumstances:

- (1) the general meeting has resolved to dissolve the Company;
- (2) merger or division of the Company requires a dissolution;
- (3) the Company is declared bankrupt in accordance with the law because it is unable to pay its debts as they fall due;
- (4) the business license is revoked in accordance with the law, or the Company is ordered to close or is cancelled;
- (5) if the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other means, the shareholders holding ten percent or more of the total voting rights of the Company may request the People's Court to dissolve the Company;
- (6) the term of its operations specified in the Articles of Association has expired and other circumstance for dissolution specified in the Articles of Association has occurred.

Where the Company is dissolved under the circumstances set out in items (2), (4) and (5) above, the Company shall establish a liquidation committee within fifteen days, the composition of the liquidation committee shall be determined by ordinary resolution at the general meeting.

Where the Company is dissolved under the circumstance set out in item (3) above, the People's Court shall, according to relevant laws, order the formation of a liquidation committee comprising shareholders, relevant authorities and professionals to process the liquidation.

Where the Board resolves to liquidate the Company for any reason other than bankruptcy, the Board shall include a statement in its notice convening a general meeting to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company shall be able to pay its debts in full within twelve months from the commencement of the liquidation.

The Board of the Company shall lose its powers immediately after the resolution for liquidation is passed at the general meeting.

The liquidation committee shall act in accordance with instructions of the general meeting and make a report at least once every year to the general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and present a final report to the general meeting upon completion of the liquidation.

The liquidation committee shall notify all creditors within ten days after its establishment and shall publish announcements in newspapers within sixty days. The creditors shall declare their rights to the liquidation committee within thirty days after receipt of the notice or within forty-five days after the announcement if the creditors have not received the notice.

When submitting their claims, creditors shall explain matters relating to their rights and provide evidential documents. The liquidation committee shall register the creditor's rights.

During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to examine and take possession of the Company's assets and prepare the balance sheet and a property inventory;
- (2) to inform creditors by notice or announcement;
- (3) to deal with the outstanding businesses of the Company relating to liquidation;
- (4) to pay outstanding taxes, and to pay taxes incurred during the company's liquidation process;
- (5) to settle claims and debts;
- (6) to dispose of the remaining assets of the Company after repayment of debts;
- (7) to represent the Company in civil proceedings.

After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or relevant competent authorities for confirmation.

The assets of the Company remaining after settling debts pursuant to the requirements above shall be distributed to the shareholders as per the classes of their shares and their shareholding percentages.

During the liquidation period, the Company remains in existence; however, it shall not commence any new business activity.

In the event of liquidation due to dissolution of the Company, after the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the People's Court to declare the Company bankrupt.

Following a ruling by the People's Court that the Company is declared bankrupt, the liquidation committee shall hand over all matters relating to the liquidation to the People's Court.

After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, a statement of revenue and expenditure and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the general meeting or the relevant authorities in charge for confirmation.

Within thirty days from the date of confirmation of the aforementioned documents by the general meeting or the relevant competent authorities, the liquidation committee shall deliver the same to the company registration authority, apply for cancellation of the Company's registration and publicly announce the Company's dissolution.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company may amend the Articles of Association pursuant to laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

If the amendments to the Articles of Association are required to be submitted to competent authorities for approval, the said amendments shall be subject to the competent authorities' approval; If such amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws.

TAXATION OF SECURITY HOLDERS

The following summary of certain tax implications relating to the purchase, ownership and disposal of the H Shares is based on the laws, regulations, legislations and decisions currently in force, which are subject to change and may have retrospective effect. This summary is not intended to provide a comprehensive explanation of all tax considerations that may be relevant to the decision to purchase, own or dispose of the H Shares, nor is it intended to apply to all classes of potential investors (some potential investors may be subject to special regulations, and are not intended to, and should not be regarded as, constituting legal or tax advice).

Potential investors shall consult their tax advisors on the application of Hong Kong and PRC tax laws to their respective cases and the implications of the purchase, ownership and disposal of the H Shares under the laws of any other tax jurisdiction.

The taxation on the Company and the shareholders is described below. The discussion of PRC and Hong Kong tax laws only summarizes the effect of such laws and should not be considered as an assumption that the relevant tax authorities or the courts in the PRC or Hong Kong will accept or agree with the interpretations or conclusions set out below. Investors are reminded that the statements bellow are based on the advices received by the Company regarding the tax laws, regulations and practices in effect as at the date of the document, which are subject to change.

CHINESE LAWS AND REGULATIONS IN RELATION TO TAXATION**Enterprise Income Tax**

According to the Enterprise Income Tax Law of the People's Republic of China (the "**EIT Law**", promulgated by the NPC on March 16, 2007, effective on January 1, 2008 and amended on February 24, 2017 and December 29, 2018), and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (promulgated by the State Council on December 6, 2007, effective on January 1, 2008 and amended on April 23, 2019), the income tax rate of 25% applies to all PRC companies unless otherwise specified.

According to the EIT Law, enterprises are classified into "resident and non-resident enterprises". The term resident enterprise refers to an enterprise that is established inside China according to PRC laws, or which is established under the law of a foreign country (region) but whose "actual management institution" is inside China. Resident enterprises are subject to the corporate income tax at a rate of 25% on their worldwide income. The Regulation on the Implementation of the Enterprise Income Tax Law defines "actual management institution" as "an institution that conducts substantial and all-round management and control with respect to the production, operations, personnel, finance, property, etc. of the enterprise".

Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries (regions) and whose “actual institution of management” is conducted outside China, but have established institutions or premises in China, or have no such established institutions or premises but have income generated from inside China. Pursuant to the Regulation on the Implementation of the Enterprise Income Tax Law (《企業所得稅法實施條例》), if a non-resident enterprise has not set up institutions or premises in the PRC, or has set up institutions in the PRC but the income derived has no actual connection with such institutions or premises, it shall pay enterprise income tax at the reduced rate of 10% for its PRC-sourced income.

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

Income Tax in relation to Dividend Distribution

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) and the relevant protocols, which was promulgated by the State Administration of Taxation on August 21, 2006, and effective on December 8, 2006, dividends paid by a PRC company to the appropriate Hong Kong company are subject to withholding tax at the withholding rate of 5% if the Hong Kong company holds at least 25% interest directly in the PRC company. Otherwise, they are subject to withholding tax at the withholding rate of 10%.

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81) which was promulgated by the State Administration of Taxation and became effective from February 20, 2009, to enjoy the treatment under the tax agreement, the fiscal resident of the other contracting party shall meet all of the following requirements (i) a fiscal resident of the other party should be limited to a company; (ii) both the proportion of all ownership interests and voting shares of the Chinese resident company owned by a fiscal resident of the other party reaches a specified proportion; and (iii) the proportion of capital of the Chinese resident company directly owned by a fiscal resident of the other party, at any time during the twelve months prior to the obtainment of the dividends, reaches a proportion specified in the tax.

Value-Added Tax

According to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993 and became effective on January 1, 1994, and amended on November 5, 2008, February 6, 2016 and November 19, 2017, and the Implementation Rules for the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the Ministry of Finance and became effective on December 25, 1993, and amended on December 15, 2008 and October 28, 2011, all entities and individuals engaging in the sale of goods, provision of processing, repairs and replacement services, sales services, intangible properties and real estate and the import of goods within the territory of the PRC are taxpayers of value-added tax (“VAT”). Unless otherwise specified, taxpayers engage in the selling services and intangible properties shall pay VAT at 6%; taxpayers engage in the leasing real estate services shall pay VAT at 11%, while taxpayers engage in the sale of goods, provision of processing and repairs and replacement services shall pay VAT at 17% unless otherwise specified.

In accordance with Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No.36), which was promulgated by the MOF and the SAT on March 23, 2016, and came into effect on May 1, 2016, the pilot program of the collection of VAT in lieu of business tax shall be promoted nationwide in a comprehensive manner starting from May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), promulgated by the MOF and the SAT on April 4, 2018 and became effective as of May 1, 2018, the VAT rates of taxable sales activities originally subject to 17% and 11% shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Policies for Deepening the VAT Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) which was promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019, and came into effect on April 1, 2019, the VAT rates were further adjusted, including: the tax rate of 16% and 10% originally applicable to general VAT taxpayers’ VAT taxable sales or goods import shall be adjusted to 13% and 9%, respectively. Furthermore, from April 1, 2019 to December 31, 2021, a taxpayer engaged in production or livelihood services is allowed to have a 10% weighted deduction of creditable input VAT in the current period from the tax amount payable.

In addition, according to the Announcement on the Clarification of VAT Exemption Policy for Small-scale VAT Taxpayers (《關於明確增值稅小規模納稅人免徵增值稅政策的公告》) (promulgated by the MOF and the SAT on March 31, 2021 and implemented on April 1, 2021), it is stipulated that from April 1, 2021 to December 31, 2022, small-scale VAT taxpayers with monthly sales of less than RMB150,000 (inclusive) shall be exempted from VAT.

Stamp Duty

Pursuant to the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》), which was promulgated by the State Council on August 6, 1988, came into effect on October 1, 1988 and amended on January 8, 2011, and the Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》), which was promulgated by the MOF on September 29, 1988 and came into effect on October 1, 1988, the PRC stamp duty only applies to specific proof executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws.

OVERVIEW OF TAX IMPLICATIONS OF HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, we are not subject to tax in Hong Kong on the payment of dividends.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.13% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 (《2005年收入(取消遺產稅)條例》) came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

HONG KONG TAXATION OF OUR COMPANY

Our Directors do not consider that any of the Company's income is derived from or arises in Hong Kong for the purpose of Hong Kong taxation, and therefore our Company will not be subject to Hong Kong taxation arising therefrom.

LAWS AND REGULATIONS IN RELATION TO FOREIGN EXCHANGE CONTROL OF CHINA

According to the Regulations of the People's Republic of China on the Management of Foreign Exchanges (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996, and became effective on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, China has no restrictions on current international payments and transfers, such as foreign exchange transactions and dividend payments related to trade and services. However, current international payments and transfers shall have a real and legal transaction basis, and financial institutions operating business of foreign exchange settlement and sales shall conduct reasonable review, and the foreign exchange administrative authorities are entitled to supervise and inspect.

Capital account (such as capital transfers, direct investments, securities investments, derivatives or loans), unless otherwise provided, shall be subject to prior approval or registration/filing by the foreign exchange administration.

According to the Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the People's Bank of China on June 20, 1996 and became effective on July 1, 1996, foreign exchange receipts under the current account of foreign-invested enterprises may be retained within the fullest extent approved by the Administration of Foreign Exchange and the exceeding part of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap center.

According to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014 and implemented on the same day, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment. According to the notice, after a domestic company gets listed overseas, if any of its domestic shareholders intends to increase or decrease its shares in the overseas listed company in accordance with the relevant provisions, such domestic shareholder shall, within 20 working days before such increase or decrease, handle overseas shareholding registration formalities with the local foreign exchange authority. The proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015 and effective on June 1, 2015, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled. Instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment (hereinafter collectively referred to as “**foreign exchange registration of direct investment**”), and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the SAFE on June 9, 2016 and effective on the same day, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of foreign exchange capital, foreign loans and raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The proportion of discretionary settlement of foreign exchange capital income for domestic companies is temporarily set at 100%. The SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments.

According to the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) promulgated by the SAFE on October 23, 2019 and effective on the same day, a non-investment foreign-invested enterprise is permitted to make domestic equity investments with its capital funds provided that such investments do not violate the existing special administrative measures for foreign investment access (the Negative List) and the domestic target investments are genuine and in compliance with laws.

1. FURTHER INFORMATION ABOUT OUR GROUP**A. Establishment of our Company**

Our Company was established in the PRC on February 20, 2001 and was converted to a joint stock company with limited liability under the Company Law with effect from March 20, 2018. Our Company has established a place of business in Hong Kong at 1806-1807, 18/F, Laws Commercial Plaza, 788 Cheung Sha Wan Road, Kowloon, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 12, 2022. Ms. Ng Wai Kam (伍偉琴) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we were established in the PRC, our corporate structure and the Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix IV to this Prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix III to this Prospectus.

B. Changes in the share capital of our Company

As of the date of our establishment, the registered capital of our Company was RMB5,000,000, divided into 5,000,000 Shares with a nominal value of RMB1.00 each. Save as disclosed below, there has been no alteration in our share capital within two years immediately preceding the date of this Prospectus.

As approved by the Shareholders' resolution dated September 17, 2021, the registered capital of our Company was increased from RMB1,000,000,000 to RMB1,050,420,000 by issuing and allotting 50,420,000 new Domestic Shares with a nominal value of RMB1.00 each to four new investors. The industrial and commercial registration of the same was completed on September 26, 2021.

Upon completion of the Global Offering, but without taking into account any exercise of the Over-allotment Option, our registered capital will increase to RMB1,167,134,000, comprising 720,378,000 Domestic Shares, 330,042,000 Unlisted Foreign Shares, and 116,714,000 H Shares fully paid up, representing approximately 61.7%, 28.3% and 10.0% of our registered capital, respectively.

C. Changes in the registered capital of our principal subsidiaries

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, us a waiver from strict compliance with paragraph 26 of Part A of Appendix 1 to the Listing Rules in relation to the disclosure of information relating to the changes to the share capital of

any member of our Group within the two years immediately preceding the issue of this Prospectus. For details, please see the section headed “Waivers from Strict Compliance with the Listing Rules — Waiver in relation to Disclosure Requirements with respect to Changes in Share Capital”.

Save as disclosed in this Prospectus, there has been no other alteration in the share capital of any of our principal subsidiaries within the two years immediately preceding the date of this Prospectus. For details of our principal subsidiaries, please refer to the section headed “History, Development and Corporate Structure — Major Corporate Development — Our Principal Subsidiaries”.

D. Resolutions of our Shareholders passed at our Company’s extraordinary general meeting held on March 2, 2022

At the extraordinary general meeting of our Company held on March 2, 2022, among other things, the following resolutions were passed by the Shareholders:

- (a) the issue by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares to be listed on the Stock Exchange;
- (b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date, and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (c) authorizing our Board to handle all relevant matters relating to, among other things, the implementation of issue of H Shares, the Listing and the H share full circulation related matters.

E. Restriction of share repurchase

For details of the restrictions on the share repurchase by our Company, please refer to “Summary of the Articles of Association” in Appendix IV to this Prospectus.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of our material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this Prospectus, which is or may be material:

- (a) the equity transfer agreement dated December 15, 2020 entered into between Li Gangyi (李剛藝), Li Sheng (李勝), Ding Weiwen (丁衛文), Li Bidong (李必東), Huang Cailing (黃彩玲), Luo Jianzhong (羅建中), Guo Xiujin (郭修津), Qiu Mingduan (邱明端) (collectively, the “**Parties to Xiamen Huafei Agreement**”),

- Fujian Bon Property Group Co., Ltd. (福建伯恩物業集團有限公司) (“**Bon Property**”) and Xiamen Huafei Property Management Co., Ltd. (廈門華菲物業管理有限公司) (“**Xiamen Huafei**”), pursuant to which the Parties to Xiamen Huafei Agreement agreed to transfer their aggregate 20% equity interest in Xiamen Huafei to Bon Property for an aggregate consideration of RMB21,000,000;
- (b) the equity transfer agreement dated December 25, 2020 entered into between Zhangzhou Kebaihui Enterprise Management Consulting Co., Ltd. (漳州科百匯企業管理諮詢有限公司), Zhangzhou Ansheng Property Service Co., Ltd. (漳州市安晟物業服務有限公司) (“**Zhangzhou Ansheng**”), Bon Property, Jian Zhisong (簡志松) and Zhang Xuchu (張旭初), pursuant to which Bon Property agreed to acquire 10% equity interest in Zhangzhou Ansheng from Zhangzhou Kebaihui Enterprise Management Consulting Co., Ltd. for a consideration of RMB2,560,000;
- (c) the equity transfer agreement dated December 26, 2020 entered into between Wang Xiaoyan (王小燕), Hefei Lujiang Yaxin Housekeeping Service Partnership (Limited Partnership) (合肥市廬江雅新家政服務合夥企業(有限合夥)) (“**Hefei Lujiang**”), Fujian Shida Property Co., Ltd. (福建實達物業有限公司) (“**Fujian Shida**”), Bon Property, Lin Xi (林熙) and Liu Shengxi (劉勝昔), pursuant to which Bon Property agreed to acquire in aggregate 10% equity interest in Fujian Shida from Wang Xiaoyan and Hefei Lujiang for an aggregate consideration of RMB9,600,000;
- (d) the equity transfer agreement dated January 5, 2021 entered into between Fujian Xinyi Human Resources Service Co., Ltd. (福建馨怡人力資源服務有限公司) (“**Fujian Xinyi Human Resources**”), Fujian Xinyi Property Management Co., Ltd. (福建馨怡物業管理有限公司) (“**Fujian Xinyi Property**”), Bon Property, Lin Qu (林曲) and Wei Jing (魏晶) (collectively, the “**Parties to the Fujian Xinyi Agreement**”), pursuant to which Bon Property agreed to acquire 10% equity interest in Fujian Xinyi Property from Fujian Xinyi Human Resources for a consideration of RMB4,500,000 (the “**Fujian Xinyi Agreement**”);
- (e) the equity transfer agreement dated January 5, 2021 entered into between Dongbang (Fuzhou) Entrepreneurship Investment Co., Ltd. (東邦(福州)創業投資有限公司) (“**Dongbang Fuzhou**”), Hexie (Fujian) Property Management Co., Ltd. (和協(福建)物業管理有限公司) (“**Hexie Fujian**”), Bon Property and Ye Dongri (葉冬日), pursuant to which Dongbang Fuzhou agreed to transfer 10% equity interest in Hexie Fujian to Bon Property for a consideration of RMB8,000,000;
- (f) the supplemental agreement to the Fujian Xinyi Agreement dated January 7, 2021 entered into between the Parties to the Fujian Xinyi Agreement as referred to in paragraph (d) above, in relation to, among others, the proposed transfer of 20% equity interest in Fujian Xinyi Property from Fujian Xinyi Human Resources to Bon Property for a consideration determined with reference to the valuation of the entire equity interest in Fujian Xinyi Property based on the net profit realized after deduction of non-recurring gains or losses for the year of 2022;

- (g) the equity transfer agreement dated March 15, 2021 entered into between Li Fengxiang (李鳳翔), Shenzhen Cushman & Wakefield Vanke Service Property Service Co., Ltd. (深圳市萬物梁行物業服務有限公司) (“**Shenzhen CWVS**”) and Xiamen Hailianxiang Property Service Co., Ltd. (廈門海聯翔物業服務有限公司) (“**Xiamen Hailianxiang**”), pursuant to which Li Fengxiang agreed to transfer 33% equity interest in Xiamen Hailianxiang to Shenzhen CWVS for a consideration of RMB5,700,000;
- (h) the equity transfer agreement dated March 31, 2021 entered into between Shenzhen Jiazhichuang Investment Development Co., Ltd. (深圳市嘉之創投資發展有限公司) (“**Shenzhen Jiazhichuang**”), Shenzhen Yuying Service Co., Ltd. (深圳市譽鷹物業服務有限公司) (“**Shenzhen Yuying**”), Shenzhen Longyuan Shanzhuang Property Management Co., Ltd. (深圳市龍園山莊物業管理有限公司) (“**Shenzhen Longyuan**”) and Shenzhen Longyuan Shanzhuang Industrial Development Co., Ltd. (深圳市龍園山莊實業發展有限公司), pursuant to which Shenzhen Jiazhichuang agreed to transfer its 60% equity interest in Shenzhen Longyuan to Shenzhen Yuying for a consideration of RMB5,100,000;
- (i) the investment framework agreement dated June 11, 2021, entered into between Fujian Jiamenkou Investment Co., Ltd. (福建家門口投資有限公司), Xiamen Bosheng Investment Partnership (Limited Partnership) (廈門市伯盛投資合夥企業(有限合夥)), Shanghai Difeng Investment Management Center (Limited Partnership) (上海第豐投資管理中心(有限合夥)), Pingtan Tairuifeng Investment Co., Ltd. (平潭泰瑞豐投資有限公司), Royal Wind Limited (嘉柏匯有限公司), Zhangzhou Kebaihui Enterprise Management Consulting Co., Ltd. (漳州科百匯企業管理諮詢有限公司) (collectively, the “**Then Shareholders of Bon Property**”), Lin Rongbin (林榮濱), Shenzhen Yuying, Bon Property and Sansheng Group Company Limited (三盛集團有限公司), pursuant to which the Then Shareholders of Bon Property agreed to transfer the entire equity interest in Bon Property to Shenzhen Yuying, for an aggregate consideration determined with reference to the actual net profit of Bon Property for the year of 2021;
- (j) the capital increase agreement dated July 2, 2021 entered into between Shanghai International Port (Group) Co., Ltd. (上海國際港務(集團)股份有限公司), Shenzhen Yuying and Shanghai Shanggang Property Service Co., Ltd. (上海上港物業服務有限公司) (“**Shanghai Shanggang**”), pursuant to which Shenzhen Yuying agreed to subscribe for RMB10,400,000 registered capital in Shanghai Shanggang for a consideration of RMB26,332,700;
- (k) the investment framework agreement dated September 22, 2021 (the “**2021 Yango Acquisition Agreement**”) entered into between Yango Group Co., Ltd. (陽光城集團股份有限公司), Fujian Sunlight Real Estate Development Co., Ltd. (福建陽光房地產開發有限公司), Longjing Industrial Investment Group Co., Ltd. (龍淨實業投資集團有限公司), Yango Health Industry Co., Ltd. (陽光健康產業有限公司), Fuzhou Economic and Technology Development Area Yango Intelligent Enterprise

Management Consulting Partnership (Limited Partnership) (福州經濟技術開發區陽光智博企業管理諮詢合夥企業(有限合夥)), Fuzhou Economic and Technology Development Area Yango Huiyou Enterprise Management Consulting Partnership (Limited Partnership) (福州經濟技術開發區陽光慧優企業管理諮詢合夥企業(有限合夥)), Fuzhou Economic and Technology Development Area Yango Huijia Enterprise Management Consulting Partnership (Limited Partnership) (福州經濟技術開發區陽光慧佳企業管理諮詢合夥企業(有限合夥)) (collectively, the “**Yango Transferors**”), Lin Tengjiao (林騰蛟), Wu Jie (吳潔), our Company, Shenzhen Yuying (collectively with the Yango Transferors, the “**Yango Parties**”) and Shanghai Yango Intelligent Life Service Group Company Limited (上海陽光智博生活服務集團股份有限公司) (currently known as Shanghai Yango Intelligent Life Service Group Co., Ltd. (上海陽光智博生活服務集團有限公司)) (“**Yango Intelligent**”), pursuant to which, our Company shall issue 4.8% of equity interest in our Company to four newly established limited liability companies in the PRC set up by the Yango Transferors (the “**Yango SPVs**”) as consideration to acquire the entire equity interest in Yango Intelligent from the Yango SPVs (the “**Yango Acquisition**”);

- (l) the capital increase agreement dated September 24, 2021 entered into between Shenzhen Home Cat House Searching Technology Co., Ltd. (深圳宅貓找房科技有限公司) (“**Shenzhen Home Cat**”), Yang Xiaosong (楊曉松), Li Na (李娜), Bian Huixian (邊會賢), Gao Wei (高未), Jiang Dali (姜大力), Yingjia Chuangye Investment (Guangzhou) Partnership (Limited Partnership) (盈家創業投資(廣州)合夥企業(有限合夥)) and Shenzhen Onewo Inhome Holding Co., Ltd. (深圳市萬物為家控股有限公司) (“**Onewo Inhome**”), pursuant to which Onewo Inhome agreed to subscribe for RMB4,153,846 registered capital in Shenzhen Home Cat for a consideration of RMB30,000,000;
- (m) the share pledge agreement dated September 26, 2021 entered into between Hainan Huiyou Investment Co., Ltd. (海南慧優投資有限公司) (“**Hainan Huiyou**”), Shenzhen Yuying and our Company, pursuant to which Hainan Huiyou agreed to pledge its 36,494,000 shares in our Company to Shenzhen Yuying (the “**Hainan Huiyou Agreement**”);
- (n) the share pledge agreement dated September 26, 2021 entered into between Hainan Zhibo Investment Co., Ltd. (海南智博投資有限公司) (“**Hainan Zhibo**”), Shenzhen Yuying and our Company, pursuant to which Hainan Zhibo agreed to pledge its 5,136,000 shares in our Company to Shenzhen Yuying (the “**Hainan Zhibo Agreement**”);
- (o) the share pledge agreement dated September 26, 2021 entered into between Hainan Huijia Investment Co., Ltd. (海南慧佳投資有限公司) (“**Hainan Huijia**”), Shenzhen Yuying and our Company, pursuant to which Hainan Huijia agreed to pledge its 7,266,000 shares in our Company to Shenzhen Yuying (the “**Hainan Huijia Agreement**”);

- (p) the share pledge agreement dated September 26, 2021 entered into between Hainan Ruihong Investment Co., Ltd. (海南瑞鴻投資有限公司) (“**Hainan Ruihong**”), Shenzhen Yuying and our Company, pursuant to which Hainan Ruihong agreed to pledge its 1,524,000 shares in our Company to Shenzhen Yuying (the “**Hainan Ruihong Agreement**”, together with the agreements referred in paragraphs (m), (n) and (o), the “**Share Pledge Agreements**”);
- (q) the cooperation supplemental agreement to the 2021 Yango Acquisition Agreement dated October 29, 2021 entered into between the Yango Parties, Hainan Huiyou, Hainan Ruihong, Hainan Huijia and Hainan Zhibo, in relation to, among others, the refund of earnest payment and performance of share pledge pursuant to the Yango Acquisition;
- (r) the supplemental agreement to the Share Pledge Agreements dated October 29, 2021 entered into between Hainan Zhibo, Hainan Huiyou, Hainan Ruihong, Hainan Huijia (collectively, “**Hainan Entities**”) and Shenzhen Yuying, pursuant to which, among others, (i) Hainan Zhibo agreed to pledge 5,042,016 shares in our Company to Shenzhen Yuying; and (ii) the termination of share pledge arrangements under the Hainan Huiyou Agreement, Hainan Huijia Agreement and Hainan Ruihong Agreement was agreed (the “**Supplemental Share Pledge Agreement**”);
- (s) the equity transfer agreement dated October 29, 2021 entered into between Hainan Huiyou and Shenzhen Yuying, pursuant to which Hainan Huiyou agreed to transfer 30,602,000 shares in our Company to Shenzhen Yuying for a consideration of RMB3,053,141,111;
- (t) the equity transfer agreement dated November 3, 2021 entered into between Shenzhen Yuying and Shenzhen Wanhuquanyuan Management Consulting Co., Ltd. (深圳市萬斛泉源管理諮詢有限公司) (“**Wanhuquanyuan**”), pursuant to which Shenzhen Yuying agreed to transfer 30,602,000 shares in our Company to Wanhuquanyuan for a consideration of RMB3,054,079,600;
- (u) the equity transfer agreement dated November 30, 2021 entered into between Hunan Jiashengda Holding Group Co., Ltd. (湖南嘉聖達控股集團有限公司) (“**Hunan Jiashengda**”), Shenzhen Yuying and Changsha Xingrun Property Service Co., Ltd. (長沙市星潤物業服務有限公司) (“**Changsha Xingrun**”), pursuant to which Hunan Jiashengda agreed to transfer the entire equity interest in Changsha Xingrun to Shenzhen Yuying for a consideration of RMB31,000,000;
- (v) the share pledge agreement dated December 9, 2021 entered into between Hainan Huiyou, Yango Intelligent and our Company, pursuant to which Hainan Huiyou agreed to pledge 4,736,344 shares in our Company to Yango Intelligent (the “**December 2021 Share Pledge Agreement**”);

- (w) the equity transfer agreement dated December 15, 2021 entered into between Shenzhen CWVS, Jiangxi Boneng Industrial Group Co., Ltd. (江西博能實業集團有限公司) (“**Boneng Group**”), Jiangxi Lixiang Investment Co., Ltd. (江西理想投資有限公司), Jiangxi Rixin Property Management Co., Ltd. (江西日新物業管理有限公司) (“**Jiangxi Rixin**”) and Wen Xianlai (溫顯來) (collectively, the “**Parties to the Jiangxi Rixin Agreement**”), pursuant to which Boneng Group agreed to transfer its 80% equity interest in Jiangxi Rixin to Shenzhen CWVS for a consideration of RMB184,000,000 (the “**Jiangxi Rixin Agreement**”);
- (x) the supplemental agreement to the Jiangxi Rixin Agreement dated December 15, 2021 entered into between the Parties to the Jiangxi Rixin Agreement as referred to in paragraph (w) above, in relation to, among others, the consideration payment arrangement pursuant to the Jiangxi Rixin Agreement;
- (y) the equity transfer agreement dated December 31, 2021 entered into between Dream Landing Holdings Limited, Hainan Yunsheng Investment Partnership (Limited Partnership) (海南雲勝投資合夥企業(有限合夥)) (“**Hainan Yunsheng**”), our Company and Beijing Chengshi Wanglin Information Technology Co., Ltd. (北京城市網鄰信息技術有限公司), pursuant to which Dream Landing Holdings Limited agreed to transfer and Hainan Yunsheng agreed to acquire 1.9% equity interest in our Company for a consideration of USD equivalent to RMB1,991,200,000;
- (z) the capital increase agreement dated March 21, 2022 entered into between Jinan Xicheng Real Estate Co., Ltd. (濟南西城置業有限公司), Jinan Furen Real Estate Co., Ltd. (濟南福仁置業有限公司) and our Company, pursuant to which our Company agreed to subscribe for RMB28,833,137 registered capital in Jinan Furen Real Estate Co., Ltd. for a consideration of RMB38,157,774;
- (aa) the capital increase agreement dated March 30, 2022 entered into between Shenzhen Yuying, Fujian Lianmei Construction Group Co., Ltd. (福建聯美建設集團有限公司) and Xiamen Lianmei Wanyu Property Service Co., Ltd. (廈門聯美萬譽物業服務有限公司), pursuant to which Shenzhen Yuying agreed to subscribe for additional RMB122,400 registered capital in Xiamen Lianmei Wanyu Property Service Co., Ltd. for a consideration of RMB1,091,400;
- (bb) the asset transaction agreement dated April 27, 2022 entered into between Beijing Capital Land Ltd. (首創置業有限公司) (“**Beijing Capital**”) and Shenzhen Yuying, pursuant to which Shenzhen Yuying agreed to acquire 51% equity interest in Shouwan Yuye (Shanghai) Property Services Co., Ltd. (首萬譽業(上海)物業服務有限公司) (“**Shouwan Yuye**”) from Beijing Capital for a consideration of RMB247,324,400 (the “**Shouwan Yuye Agreement**”);
- (cc) the supplemental agreement to the Shouwan Yuye Agreement dated April 27, 2022, entered into between Beijing Capital and Shenzhen Yuying, in relation to, among others, the gains or losses of 51% equity interest in Shouwan Yuye during the transition period;










- (dd) the supplemental agreement to the Shouwan Yuye Agreement dated May 9, 2022, entered into between Beijing Capital and Shenzhen Yuying, in relation to, among others, the amendment of clause 4 in the Shouwan Yuye Agreement;
- (ee) the investment framework agreement dated May 27, 2022 entered into between Green Castle Investment Limited (“**Green Castle**”), King Kong Mini Storage Limited (金剛迷你倉儲有限公司) (“**King Kong Mini Storage**”), Shenzhen Chengming Storage Co., Ltd. (深圳誠明倉儲有限公司), Guangzhou Chengming Storage Co., Ltd. (廣州誠明倉儲有限公司), Wong Fu Yuen (王賦源) and Ku Wai Lung (古偉龍), our Company and Shenzhen Onewo Storage Warehousing Co., Ltd. (深圳市萬物倉倉儲有限公司) (“**Shenzhen Onewo Storage**”), pursuant to which (i) our Company agreed to transfer the entire equity interest in Shenzhen Onewo Storage to a wholly foreign-owned enterprise set up by King Kong Mini Storage for a consideration of RMB1; and (ii) Green Castle agreed to issue 10,157 series A preferred shares to an entity designated by our Company for a consideration of USD1;
- (ff) the equity transfer agreement dated May 28, 2022 entered into between Gao Zhongpeng (高忠鵬), Yu Xiangyang (于向陽), Sun Liping (孫利萍), Shenzhen Yuying and Guilin Hengrun Property Service Co., Ltd. (桂林市恒潤物業服務有限公司) (“**Guilin Hengrun**”), pursuant to which Gao Zhongpeng, Yu Xiangyang and Sun Liping agreed to transfer their entire equity interest in Guilin Hengrun to Shenzhen Yuying for an aggregate consideration of RMB5,000,000;
- (gg) the equity transfer agreement dated June 22, 2022 entered into between Fujian Zhengyang Materials Co., Ltd. (福建正陽物資有限公司) (“**Fujian Zhengyang**”), Li Shouteng (李守騰), Chen Meiling (陳美玲) and Shenzhen Yuying, pursuant to which Fujian Zhengyang agreed to transfer its 51% equity interest in Fuzhou Binhai Property Management Co., Ltd. (福州濱海物業管理有限公司) to Shenzhen Yuying for a consideration of RMB11,000,000;
- (hh) the supplemental agreement to the 2021 Yango Acquisition Agreement entered into between the Yango Parties, Yango Intelligent, Hainan Huiyou, Hainan Ruihong, Hainan Huijia and Hainan Zhibo dated September 11, 2022, pursuant to which parties thereto agreed, among others, (i) that the actual net profits of Yango Intelligent shall be RMB253.7 million; and (ii) to amend clause 8.15 (1) b) of the 2021 Yango Acquisition Agreement such that our Company has the right to request for cash compensation against the Yango Transferors or the Hainan Entities;
- (ii) the supplemental agreement to the December 2021 Share Pledge Agreement entered into between Hainan Huiyou, Yango Intelligent and our Company dated September 11, 2022, pursuant to which Hainan Huiyou and Yango Intelligent agreed to, among others, amend clause 1 of the December 2021 Share Pledge Agreement;


- (jj) the supplemental agreement to the Supplemental Share Pledge Agreement entered into between Hainan Zhibo and Shenzhen Yuying dated September 11, 2022, pursuant to which Hainan Zhibo and Shenzhen Yuying agreed to, among others, amend clause 1 of the Hainan Zhibo Agreement;
- (kk) the cornerstone investment agreement dated September 14, 2022 entered into amongst our Company, China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司), CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed “Cornerstone Investors” in this Prospectus;
- (ll) the cornerstone investment agreement dated September 14, 2022 entered into amongst our Company, China Chengtong Investment Company Limited, CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed “Cornerstone Investors” in this Prospectus;
- (mm) the cornerstone investment agreement dated September 14, 2022 entered into amongst our Company, Esta Investments Pte. Ltd., True Light Investments H Pte. Ltd., CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed “Cornerstone Investors” in this Prospectus;
- (nn) the cornerstone investment agreement dated September 14, 2022 entered into amongst our Company, Athos Asia Event Driven Master Fund, CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed “Cornerstone Investors” in this Prospectus;
- (oo) the cornerstone investment agreement dated September 15, 2022 entered into amongst our Company, UBS Asset Management (Singapore) Ltd., CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed “Cornerstone Investors” in this Prospectus;
- (pp) the cornerstone investment agreement dated September 15, 2022 entered into amongst our Company, HHLR Fund, L.P., YHG Investment, L.P., CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed “Cornerstone Investors” in this Prospectus;
- (qq) the cornerstone investment agreement dated September 15, 2022 entered into amongst our Company, Cephei Capital Management (Hong Kong) Limited, Cephei QFII China Total Return Fund Ltd., Cephei China Equity Relative Return Fund Ltd., Cephei China Equity Growth Fund Ltd. and MERCER QIF FUND PLC, CLSA Capital Markets Limited, CLSA Limited, Citigroup Global Markets Asia Limited and Goldman Sachs (Asia) L.L.C., details of which are included in the section headed “Cornerstone Investors” in this Prospectus; and
- (rr) the Hong Kong Underwriting Agreement.






B. Our Material Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registration Number	Class (Note)	Registrant	Place of Registration	Date of Registration	Expiry Date
1	 万物云 <i>(as a series of marks)</i>	305836393	36	the Company	Hong Kong	December 20, 2021	December 19, 2031
2		17624933	35	the Company	PRC	September 14, 2017	September 13, 2027
3		17624932	36	the Company	PRC	September 28, 2016	September 27, 2026
4		16740348	35	the Company	PRC	June 7, 2016	June 6, 2026
5		16740541	36	the Company	PRC	June 7, 2016	June 6, 2026
6		19138804	36	the Company	PRC	March 28, 2017	March 27, 2027
7	住这儿	13680430A	35	the Company	PRC	May 21, 2015	May 20, 2025
8	住这儿	13680463	36	the Company	PRC	March 14, 2015	March 13, 2025
9	助这儿	15439129	35	the Company	PRC	November 14, 2015	November 13, 2025
10	助这儿	15439128	36	the Company	PRC	November 14, 2015	November 13, 2025
11	战图	15059309	35	the Company	PRC	September 7, 2015	September 6, 2025
12	战图	15059351	36	the Company	PRC	August 28, 2015	August 27, 2025
13		15439122	35	the Company	PRC	November 14, 2015	November 13, 2025
14		15439123	36	the Company	PRC	January 21, 2016	January 20, 2026
15		18046596	35	the Company	PRC	January 28, 2018	January 27, 2028

No.	Trademark	Registration Number	Class (Note)	Registrant	Place of Registration	Date of Registration	Expiry Date
16		18046718	36	the Company	PRC	November 21, 2016	November 20, 2026
17	睿服务	18046833	36	the Company	PRC	December 28, 2017	December 27, 2027
18	朴寓	18628213	35	the Company	PRC	January 28, 2017	January 27, 2027
19	朴寓	18628296	36	the Company	PRC	January 28, 2017	January 27, 2027
20	PLYYU 社商	18628150	35	the Company	PRC	May 14, 2017	May 13, 2027
21	PLYYU 社商	18628346	36	the Company	PRC	January 28, 2017	January 27, 2027
22	睿卡通	18763470	35	the Company	PRC	February 7, 2017	February 6, 2027
23	睿通卡	18763474	35	the Company	PRC	May 21, 2017	May 20, 2027
24	万物朴里	43292953	35	the Company	PRC	November 28, 2020	November 27, 2030
25	万物朴里	38934802	36	the Company	PRC	February 7, 2020	February 6, 2030
26	FacilTech	32534526	35	the Company	PRC	April 14, 2019	April 13, 2029
27	PropTech	32547955	35	the Company	PRC	July 7, 2020	July 6, 2030
28	ServTech	32531050	35	the Company	PRC	June 21, 2019	June 20, 2029
29	VSAIoT	33113746	35	the Company	PRC	June 7, 2019	June 6, 2029
30	VSAIoT	33092172	36	the Company	PRC	June 7, 2019	June 6, 2029
31	ZHUYINGTAI	33644670	36	the Company	PRC	August 21, 2019	August 20, 2029
32	助英台	33634619	36	the Company	PRC	August 21, 2019	August 20, 2029
33	助英台 ZHU YING TAI	37431663	36	the Company	PRC	February 21, 2020	February 20, 2030
34	爱领客 VSpoyLinks	48979360	35	the Company	PRC	March 21, 2021	March 20, 2031
35	爱领客 VSpoyLinks	48980978	36	the Company	PRC	April 14, 2021	April 13, 2031
36	万小物黄	30987617	35	the Company	PRC	April 14, 2019	April 13, 2029
37	万小物黄	30975628	36	the Company	PRC	April 14, 2019	April 13, 2029
38	橡树汇	12409137	35	the Company	PRC	September 21, 2014	September 20, 2024
39	智慧之爱	13343631	35	the Company	PRC	January 21, 2015	January 20, 2025

No.	Trademark	Registration Number	Class (Note)	Registrant	Place of Registration	Date of Registration	Expiry Date
40		13343585	35	the Company	PRC	July 14, 2015	July 13, 2025
41	MIANGSHUHU	13343608	35	the Company	PRC	January 28, 2015	January 27, 2025
42	朴邻	22265870	35	the Company	PRC	February 28, 2018	February 27, 2028
43	朴邻	22265896	36	the Company	PRC	January 28, 2018	January 27, 2028
44	PUIN 朴邻	31084970	36	the Company	PRC	March 7, 2020	March 6, 2030
45	万物紫荆	36011918	35	the Company	PRC	September 7, 2019	September 6, 2029
46	万物紫荆	36020289	36	the Company	PRC	September 7, 2019	September 6, 2029
47	紫荆社区	36033708	36	the Company	PRC	November 28, 2019	November 27, 2029
48		11029782	36	the Company	PRC	October 14, 2013	October 13, 2023
49	万物自存仓	11029803	36	the Company	PRC	October 14, 2013	October 13, 2023
50	朴音	22266473	36	the Company	PRC	January 28, 2018	January 27, 2028
51	万物研选	26310487	36	the Company	PRC	January 28, 2019	January 27, 2029
52	air home	32157394	36	the Company	PRC	April 28, 2020	April 27, 2030
53	如沐	32313424	36	the Company	PRC	June 7, 2019	June 6, 2029
54	安睦	32295396	36	the Company	PRC	April 7, 2019	April 6, 2029
55	万物戴德梁行	43820444	36	the Company	PRC	January 14, 2021	January 13, 2031
56	万戴行	43813959	36	the Company	PRC	December 14, 2020	December 13, 2030
57	万物梁行	43839074	36	the Company	PRC	September 21, 2020	September 20, 2030
58	RE-Tech	43813935	36	the Company	PRC	January 14, 2021	January 13, 2031
59	onewo	49937057	36	the Company	PRC	May 28, 2021	May 27, 2031
60		13680417	35	the Company	PRC	July 21, 2016	July 20, 2026
61		13680481	36	the Company	PRC	March 14, 2015	March 13, 2025
62		24242881	36	the Company	PRC	May 14, 2018	May 13, 2028
63	知也	49198535	36	the Company	PRC	September 7, 2021	September 6, 2031

No.	Trademark	Registration Number	Class (Note)	Registrant	Place of Registration	Date of Registration	Expiry Date
64		43838071	36	the Company	PRC	July 7, 2021	July 6, 2031
65		35124839	36	the Company	PRC	July 21, 2019	July 20, 2029
66		29974821	35	Shenzhen Vanrui Intelligent Technology Co., Ltd. (深圳市萬睿智能科技有限公司) ("Shenzhen Vanrui")	PRC	February 7, 2019	February 6, 2029
67		29973729	35	Shenzhen Vanrui	PRC	February 7, 2019	February 6, 2029
68		29974825	35	Shenzhen Vanrui	PRC	February 7, 2019	February 6, 2029
69		29973725	35	Shenzhen Vanrui	PRC	February 14, 2019	February 13, 2029
70		29973721	35	Shenzhen Vanrui	PRC	June 7, 2019	June 6, 2029
71		29973717	35	Shenzhen Vanrui	PRC	February 7, 2019	February 6, 2029
72		15576075	35	Shenzhen Vanrui	PRC	August 14, 2016	August 13, 2026
73		17860498	35	Shenzhen Vanrui	PRC	October 21, 2016	October 20, 2026
74		36172776	35	Shenzhen Vanrui	PRC	September 14, 2019	September 13, 2029
75		36172785	35	Shenzhen Vanrui	PRC	September 14, 2019	September 13, 2029
76		38980335	35	Shenzhen Vanrui	PRC	February 7, 2020	February 6, 2030
77		38978119	35	Shenzhen Vanrui	PRC	April 14, 2020	April 13, 2030
78		15041120	36	Shenzhen Vanrui	PRC	August 14, 2015	August 13, 2025
79		44705467	36	Shenzhen Vanrui	PRC	November 28, 2020	November 27, 2030
80		50483678	35	Shenzhen Cushman & Wakefield Vanke Service Property Service Co., Ltd. (深圳市萬物梁行物業服務有限公司) ("Shenzhen CWVS")	PRC	June 21, 2021	June 20, 2031
81		50471312	36	Shenzhen CWVS	PRC	July 21, 2021	July 20, 2031
82		50481886	35	Shenzhen CWVS	PRC	September 7, 2021	September 6, 2031
83		50489847	36	Shenzhen CWVS	PRC	September 7, 2021	September 6, 2031

No.	Trademark	Registration Number	Class (Note)	Registrant	Place of Registration	Date of Registration	Expiry Date
84		53829045	36	Shenzhen City Up Space Operation Management Co., Ltd. (深圳市萬物雲城空間運營管理有限公司)(“Shenzhen City Up”)	PRC	October 21, 2021	October 20, 2031
85	CITYUP	53907988	36	Shenzhen City Up	PRC	October 21, 2021	October 20, 2031
86		22924001	36	Ningbo Yayu Property Management Co., Ltd. (寧波雅譽物業服務有限公司)	PRC	February 28, 2018	February 27, 2028
87		41295002	36	Zhengzhou Fuqian Property Management Co., Ltd. (鄭州福謙物業管理有限公司)	PRC	December 14, 2020	December 13, 2030
88	为家	34874574	36	Shenzhen Wukong Network Technology Co., Ltd. (深圳市伍空網絡科技有限公司)	PRC	December 14, 2020	December 13, 2030
89		17584181	36	Bon Property	PRC	October 28, 2016	October 27, 2026
90		12148384	35	Bon Property	PRC	July 28, 2014	July 27, 2024
91		12045114	36	Bon Property	PRC	July 7, 2014	July 6, 2024
92	BON ROYCE	12138102	35	Bon Property	PRC	July 21, 2014	July 20, 2024
93		9968561	35	Bon Property	PRC	January 7, 2013	January 6, 2023
94		6911807	36	Xiamen Huafei Property Management Co., Ltd. (廈門華菲物業管理有限公司) (“Xiamen Huafei”)	PRC	May 21, 2010	May 20, 2030
95		15490744	35	Hexie Fujian Property Management Co., Ltd. (和協(福建)物業管理有限公司)	PRC	January 21, 2016	January 20, 2026
96		4193039	36	Zhejiang Housekeeper Property Management Service Co., Ltd. (浙江大管家物業管理服務有限公司)	PRC	December 28, 2007	December 27, 2027

No.	Trademark	Registration Number	Class (Note)	Registrant	Place of Registration	Date of Registration	Expiry Date
97	万物焕新家	59412944	35	Nanjing Puyun Decoration Technology Co., LTD. (南京樸韻裝飾科技有限公司) (“Nanjing Puyun”)	PRC	March 14, 2022	March 13, 2032
98	万物焕新家	59398838	36	Nanjing Puyun	PRC	March 14, 2022	March 13, 2032
99	青崧驻	58996260	35	Wuhan Sunshine Zhibo Business Management Co., LTD. (武漢陽光智博商業管理有限公司) (“Wuhan Sunshine Zhibo”)	PRC	February 21, 2022	February 20, 2032
100	青崧驻	58975843	36	Wuhan Sunshine Zhibo	PRC	February 21, 2022	February 20, 2032
101	臻青崧	58993353	36	Wuhan Sunshine Zhibo	PRC	February 21, 2022	February 20, 2032

Note: The above table only contains the material trademarks registered by our Group in classes 35 and 36.

As of the Latest Practicable Date, our Group was granted a license to use the following trademarks which are material to our business:

No.	Trademark Name	Application/Registration Number	Class	Registrant	Place of Registration	Date of Registration	Expiry Date
1	萬科物業樸里節	38956980	36	China Vanke	PRC	June 18, 2019	June 18, 2029
2	萬科物業小知知	24427552	36	China Vanke	PRC	June 1, 2017	May 31, 2027
3	萬科物業鄰居	24425986	35	China Vanke	PRC	June 1, 2017	May 31, 2027
4	萬科物業 VANKE SERVICE	17624918	35	China Vanke	PRC	August 10, 2015	August 9, 2025
5	萬科物業 VANKE SERVICE	17624917	36	China Vanke	PRC	August 10, 2015	August 9, 2025
6	萬科物業	8569838	36	China Vanke	PRC	August 12, 2010	August 11, 2030
7	萬科物業	8569823	35	China Vanke	PRC	August 12, 2010	August 11, 2030
8	陽光城物業 YANGO	27964193	35	Fujian Yango Group Co., Ltd. (福建陽光集團有限公司) (“Fujian Yango”)	PRC	August 28, 2019	August 27, 2029
9	陽光城物業 YANGO	27964192A	36	Fujian Yango	PRC	February 21, 2019	February 20, 2029
10	陽光城物業 YANGO	27964201A	36	Fujian Yango	PRC	February 21, 2019	February 20, 2029
11	YANGO PARADISE	29361600	36	Fujian Yango	PRC	March 14, 2020	March 13, 2030

No.	Trademark Name	Application/ Registration Number	Class	Registrant	Place of Registration	Date of Registration	Expiry Date
12	陽光天地 SUNSHINE PARADISE	28078940	35	Fujian Yango	PRC	January 28, 2020	January 27, 2030
13	陽光天地 SUNSHINE PARADISE	28078947	35	Fujian Yango	PRC	December 28, 2019	December 27, 2029
14	陽光天地 SUNSHINE PARADISE	28078946	36	Fujian Yango	PRC	December 28, 2019	December 27, 2029
15	旅人的市集 HI TRAVELER MARKET	32946973	35	Fujian Yango	PRC	August 14, 2020	August 13, 2030
16	陽光小鎮 YANGO	49310088	35	Fujian Yango	PRC	August 28, 2020	August 27, 2030
17	陽光小鎮 YANGO	49316554	36	Fujian Yango	PRC	August 28, 2020	August 27, 2030
18	陽光薈 SUNSHINE HUB	53824347	35	Fujian Yango	PRC	February 24, 2021	February 23, 2031
19	陽光薈 SUNSHINE HUB	53824346	36	Fujian Yango	PRC	February 24, 2021	February 23, 2031
20	YANGO	33849522	35	Fujian Yango	PRC	June 7, 2020	June 6, 2030
21	YANGO	33849521	36	Fujian Yango	PRC	June 21, 2019	June 20, 2029
22	YANGO APARTMENT	33849508	35	Fujian Yango	PRC	June 7, 2020	June 6, 2030
23	YANGO APARTMENT	33849507	36	Fujian Yango	PRC	June 21, 2019	June 20, 2029
24	陽光城家	33849515	35	Fujian Yango	PRC	May 7, 2020	May 6, 2030
25	陽光城家 YANGO APARTMENT	33849501	35	Fujian Yango	PRC	July 14, 2020	July 13, 2030
26	陽光城家 YANGO APARTMENT	33849487A	35	Fujian Yango	PRC	April 28, 2020	April 27, 2030
27	陽光城家 YANGO APARTMENT	33849494	35	Fujian Yango	PRC	July 7, 2020	July 6, 2030
28	圖形	33849296	35	Fujian Yango	PRC	July 7, 2020	July 6, 2030
29	LE VILLE RESIDENCE	33849616	35	Fujian Yango	PRC	June 7, 2019	June 6, 2029
30	LE VILLE RESIDENCE	33849615	36	Fujian Yango	PRC	July 28, 2020	July 27, 2030
31	陽光城•睿灣	33849529	35	Fujian Yango	PRC	June 7, 2019	June 6, 2029
32	陽光城•睿灣	33849528	36	Fujian Yango	PRC	June 7, 2019	June 6, 2029
33	陽光城•睿灣 LE VILLE RESIDENCE	33849609	35	Fujian Yango	PRC	June 14, 2019	June 13, 2029
34	陽光城•睿灣 LE VILLE RESIDENCE	33849608A	36	Fujian Yango	PRC	September 21, 2019	September 20, 2029
35	陽光城•睿灣 LE VILLE RESIDENCE	33849602	35	Fujian Yango	PRC	February 28, 2020	February 27, 2030

(b) Copyrights

As of the Latest Practicable Date, our Group has registered the following software copyrights in the PRC which, in the opinion of our Directors, are material to our business:

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
1	Vanrui smart community mobile intercom software [abbreviation: mobile intercom] V2.05.08	2014SR154820	Shenzhen Vanrui	N/A	October 17, 2014	Valid
2	Vanrui panoramic video monitoring system software [abbreviation: intelligent video] V1.0.0	2021SR1077969	Shenzhen Vanrui, Zhuhai Dantian Property Management Co., Ltd. (珠海市丹田物業管理股份有限公司) (“ Zhuhai Dantian Property Management ”)	N/A	July 21, 2021	Valid
3	Vanrui Technology PC client software of reservation system for visitor vehicle V1.0	2021SR1077970	Shenzhen Vanrui, Zhuhai Dantian Property Management	N/A	July 21, 2021	Valid
4	Vanrui Technology Android APP software of reservation system for visitor vehicle V1.0	2021SR1077971	Shenzhen Vanrui, Zhuhai Dantian Property Management	N/A	July 21, 2021	Valid
5	Vanrui Technology mobile phone door opening system software V1.0	2015SR135019	Shenzhen Vanrui	N/A	July 16, 2015	Valid
6	Vanrui Technology mobile phone door opening APP software V1.0	2015SR135013	Shenzhen Vanrui	N/A	July 16, 2015	Valid
7	Vanrui parking system software based on license plate recognition [abbreviation: VKParking] V1.0	2021SR1077961	Shenzhen Vanrui	N/A	July 21, 2021	Valid
8	Vanrui tablet visitor management software [abbreviation: Ruifangtong] V1.0	2015SR218359	Shenzhen Vanrui	N/A	November 11, 2015	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
9	Vanrui cloud era intelligent access control management platform software [abbreviation: intelligent access control management platform] V1.0	2021SR1077965	Shenzhen Vanrui	N/A	July 21, 2021	Valid
10	Vanrui intelligent door control software V1.0	2015SR199058	Shenzhen Vanrui	N/A	October 19, 2015	Valid
11	Vanrui client software for EBA equipment and work order management [abbreviation: EBA management terminal] V1.0	2022SR0048878	Shenzhen Vanrui, the Company, Shenzhen City Up	N/A	January 7, 2022	Valid
12	Vanrui smart parking APP for Android [abbreviation: smart parking APP] V1.0	2016SR139492	Shenzhen Vanrui	N/A	June 13, 2016	Valid
13	Vanrui face recognition door opening system software [abbreviation: face recognition door opening system] V1.0	2021SR1077966	Shenzhen Vanrui, Zhuhai Dantian Property Management	N/A	July 21, 2021	Valid
14	Vanrui software for remote authorization management of visitor ID card self-registration	2016SR139481	Shenzhen Vanrui	N/A	June 13, 2016	Valid
15	Vanrui software for automatic building data acquisition service management	2021SR1077963	Shenzhen Vanrui, Zhuhai Dantian Property Management	July 11, 2016	July 21, 2021	Valid
16	Black Cat No. 1 software for backstage management center [abbreviation: Black cat No. 1 backstage management center] V1.0	2016SR263586	Shenzhen Vanrui	N/A	September 18, 2016	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
17	Vanrui visitor management system [abbreviation: VKVisitSystem] V1.0	2016SR263532	Shenzhen Vanrui	July 30, 2016	September 18, 2016	Valid
18	Rui parking backstage management center system [abbreviation: Parking] V1.0	2021SR1077960	Shenzhen Vanrui, Zhuhai Dantian Property Management	March 21, 2016	July 21, 2021	Valid
19	Rui parking cloud platform software [abbreviation: PCP] V1.0	2021SR1077962	Shenzhen Vanrui, Zhuhai Dantian Property Management	June 23, 2016	July 21, 2021	Valid
20	Vanrui mobile audio intercom APP for Android V1.0.0	2017SR164735	Shenzhen Vanrui	February 27, 2017	May 8, 2017	Valid
21	Vanrui mobile audio intercom APP for IOS V1.0.0	2017SR164745	Shenzhen Vanrui	February 27, 2017	May 8, 2017	Valid
22	Vanrui cloud platform software for intelligent access control V1.0	2021SR1077967	Shenzhen Vanrui, Zhuhai Dantian Property Management	N/A	July 21, 2021	Valid
23	Vanrui intelligent access control APP (android version) [abbreviation: Vanrui intelligent access control APP] V1.0	2021SR1101403	Shenzhen Vanrui, Zhuhai Dantian Property Management	N/A	July 26, 2021	Valid
24	Vanrui intelligent access control APP (IOS version) [abbreviation: intelligent access control APP] V1.0	2021SR1077968	Shenzhen Vanrui, Zhuhai Dantian Property Management	N/A	July 21, 2021	Valid
25	Vanrui smart community management software (client) [abbreviation: Rui+] V1.0	2022SR0048876	Shenzhen Vanrui, the Company, Shenzhen City Up	April 25, 2017	January 7, 2022	Valid
26	Rui software of local management system for parking [abbreviation: VKParking] V1.0	2017SR374756	Shenzhen Vanrui	April 17, 2017	July 17, 2017	Valid
27	Vanrui software for face management system at entrance and exit [abbreviation: entrance and exit face management system] V1.0	2021SR1077972	Shenzhen Vanrui, Zhuhai Dantian Property Management	December 1, 2017	July 21, 2022	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
28	Vanrui software for central control platform for intelligent home [abbreviation: magic mirror] V1.0	2018SR074280	Shenzhen Vanrui	October 28, 2017	January 30, 2018	Valid
29	Black Cat No. 2 software for interconnected local car park system [abbreviation: local system] V2.0	2018SR159986	Shenzhen Vanrui	September 15, 2017	March 12, 2018	Valid
30	Black Cat No. 2 software for interconnected merchant platform system [abbreviation: merchant platform] V1.0	2018SR159606	Shenzhen Vanrui	December 11, 2017	March 12, 2018	Valid
31	Black Cat No. 2 software for interconnected network communication V1.0	2018SR159615	Shenzhen Vanrui	January 16, 2018	March 12, 2018	Valid
32	Black Cat No. 2 software for interconnected cloud platform system [abbreviation: interconnected cloud platform] V1.0	2018SR158514	Shenzhen Vanrui	December 31, 2017	March 12, 2018	Valid
33	Vanrui software for intelligent integrated building control system V1.0	2021SR1077964	Shenzhen Vanrui	N/A	July 21, 2021	Valid
34	Vanrui easygo cloud platform system software [abbreviation: easygo] V1.0	2018SR672427	Shenzhen Vanrui	N/A	August 22, 2018	Valid
35	Vanrui Ruixunjia management platform software [abbreviation: Ruixunjia] V1.0	2018SR672431	Shenzhen Vanrui	January 2, 2018	August 22, 2018	Valid
36	Vanrui Ruilian cloud management system software [abbreviation: Ruilian cloud platform] V1.0.0	2018SR714377	Shenzhen Vanrui	N/A	September 5, 2018	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
37	Vanrui Ruixun door phone software V1.0	2018SR851963	Shenzhen Vanrui	N/A	October 25, 2018	Valid
38	Livable eco-city smart community platform software [abbreviation: livable eco-city] V1.1	2022SR0048877	Shenzhen Vanrui, the Company, Shenzhen City Up	November 12, 2018	January 7, 2022	Valid
39	Vanrui Ruimou PLUS software [abbreviation: Ruimou PLUS] V1.0	2019SR0413356	Shenzhen Vanrui	N/A	April 29, 2019	Valid
40	Vanrui Ruixun M1 software for intercom access control based on face recognition [abbreviation: M1 face door phone software]	2019SR0596273	Shenzhen Vanrui	N/A	June 11, 2019	Valid
41	Vanrui Ruilian personnel location software based on cloud management system [abbreviation: personnel location] V1.0	2019SR0781406	Shenzhen Vanrui	N/A	July 29, 2019	Valid
42	Vanrui Ruilian cloud gateway management software [abbreviation: Ruilian cloud gateway] V1.0	2019SR0911994	Shenzhen Vanrui	N/A	September 2, 2019	Valid
43	Vanrui vPad software [abbreviation: smart home Pad] V1.0.0	2019SR0989762	Shenzhen Vanrui	N/A	September 24, 2019	Valid
44	Vanrui Ruibang software V1.0.0	2019SR1054562	Shenzhen Vanrui	N/A	October 17, 2019	Valid
45	Vanrui construction site management system [abbreviation: smart site service system] V1.8	2020SR0214512	Shenzhen Vanrui	July 17, 2019	March 5, 2020	Valid
46	Vanrui Black Cat No. 2 mobile charging management system for parking lots V1.0	2020SR0766664	Shenzhen Vanrui	N/A	July 14, 2020	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
47	Vanrui device connection management software [abbreviation: Elink] V1.0	2020SR0766671	Shenzhen Vanrui	N/A	July 14, 2020	Valid
48	Vanrui guard robot management software [abbreviation: guard robot] V1.2	2020SR0903265	Shenzhen Vanrui	June 15, 2020	August 10, 2020	Valid
49	Vanrui intelligent poc intercom software [abbreviation: Ruijiang] V1.1.0	2020SR0903258	Shenzhen Vanrui	N/A	August 10, 2020	Valid
50	Vanrui Ruiji badge software for location [abbreviation: Ruiji] V1.0	2020SR0904176	Shenzhen Vanrui	N/A	August 10, 2020	Valid
51	Vanrui Wanzhi home management software [abbreviation: Vhome] V1.0	2020SR1661410	Shenzhen Vanrui	October 1, 2020	November 27, 2020	Valid
52	Vanrui command and control system V1.0	2020SR1719189	Shenzhen Vanrui	N/A	December 3, 2020	Valid
53	Vanrui environmental monitoring software V1.0	2021SR0541541	Shenzhen Vanrui	N/A	April 15, 2021	Valid
54	Vanrui remote online assessment management system software [abbreviation: remote assessment] V1.0	2021SR1383179	Shenzhen Vanrui	N/A	September 15, 2021	Valid
55	Vanrui Mingjing IOT devices access management software V1.0	2022SR0211967	Shenzhen Vanrui	December 30, 2020	February 10, 2022	Valid
56	Meiju central platform decoration management system V1.0	2019SR1013269	Shenzhen Fifth Space Network Technology Co., Ltd. (深圳市第五空間網絡科技有限公司) (“ Shenzhen Fifth Space ”)	June 30, 2019	September 30, 2019	Valid
57	Puyun proprietary decoration management system [abbreviation: Rbs] V1.0	2019SR1010197	Shenzhen Fifth Space	July 13, 2019	September 29, 2019	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
58	Merchant settlement system of Fifth Space [abbreviation: merchant settlement] V1.0	2019SR1009187	Shenzhen Fifth Space	June 30, 2019	September 29, 2019	Valid
59	Integrated management system for neighbor bazaar of Fifth Space [abbreviation: neighbor bazaar] V4.3	2019SR1009192	Shenzhen Fifth Space	June 27, 2019	September 29, 2019	Valid
60	Property self-service software of Fifth Space [abbreviation: Niagara] V4.6	2019SR1062288	Shenzhen Fifth Space	April 10, 2019	October 21, 2019	Valid
61	Zhuzheer neighborhood socialization system of Fifth Space [abbreviation: neighborhood socialization] V1.0	2019SR1062298	Shenzhen Fifth Space	October 1, 2018	October 21, 2019	Valid
62	Pan-charge business trading system software of Fifth Space V1.0	2020SR0682787	Shenzhen Fifth Space	December 1, 2019	June 28, 2020	Valid
63	Home equity business opportunity distribution system of Fifth Space V1.0	2020SR0752919	Shenzhen Fifth Space	April 17, 2020	July 10, 2020	Valid
64	Marketing trading platform software of Fifth Space [abbreviation: marketing trading center] V2.0	2020SR0905072	Shenzhen Fifth Space	April 20, 2018	August 11, 2020	Valid
65	Advertising management system of Fifth Space [abbreviation: advertising system] V1.0	2020SR0905945	Shenzhen Fifth Space	June 30, 2019	August 11, 2020	Valid
66	Community mall operation management system of Fifth Space [abbreviation: community mall] V1.0	2020SR0906283	Shenzhen Fifth Space	March 31, 2020	August 11, 2020	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
67	User public service platform software of Fifth Space [abbreviation: Starbucks] V1.0	2020SR1015124	Shenzhen Fifth Space	May 31, 2020	August 31, 2020	Valid
68	Community MALL Applet software of Fifth Space [abbreviation: community MALL] V1.0	2020SR1778583	Shenzhen Fifth Space	March 13, 2020	December 10, 2020	Valid
69	Xingfumantianxing agency Applet software of Fifth Space [abbreviation: Xingfumantianxing] V1.0	2020SR1778665	Shenzhen Fifth Space	March 12, 2020	December 10, 2020	Valid
70	Steward grid incentive pool commissioning system of Fifth Space [abbreviation: grid incentive pool system] V1.0	2021SR0226961	Shenzhen Fifth Space	November 30, 2020	February 8, 2021	Valid
71	External community data structure creation software of Fifth Space V1.0	2021SR0226960	Shenzhen Fifth Space	December 15, 2020	February 8, 2021	Valid
72	Points redemption property software of Fifth Space [abbreviation: points system] v1.0	2021SR0227310	Shenzhen Fifth Space	September 30, 2020	February 18, 2021	Valid
73	Pulin property trading platform software [abbreviation: Pulin system] V2.5.5	2021SR0272866	Shenzhen Fifth Space	March 1, 2020	February 22, 2021	Valid
74	Blockchain signing software of Fifth Space V1.0	2021SR0468860	Shenzhen Fifth Space	February 7, 2021	March 30, 2021	Valid
75	Fifth Space Zhuzher community integrated service platform [abbreviation: Zhuzher (住這兒)] V5.0	2022SR0105003	Shenzhen Fifth Space	April 30, 2021	January 17, 2022	Valid
76	Vanke Property map system software [abbreviation: battlemap system] V2.0	2018SR158324	Shenzhen Onewo Technology Co., Ltd. (深圳市萬物雲科技有限公司) (“Shenzhen Onewo Tech”)	November 15, 2017	March 12, 2018	Valid
77	Vanke Property Huadie map system software [abbreviation: Huadie map] V1.0	2018SR158530	Shenzhen Onewo Tech	January 1, 2018	March 12, 2018	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
78	Vanke Property customer relationship management system software [abbreviation: Vanke Property CRM customer service center] V2.0	2018SR159888	Shenzhen Onewo Tech	December 1, 2017	March 12, 2018	Valid
79	Vanke Property pre-sales support system software [abbreviation: Vanke Property zhanhu system] V1.0	2018SR158319	Shenzhen Onewo Tech	December 29, 2017	March 12, 2018	Valid
80	Vanke Property sudden information system reporting software [abbreviation: sudden information report] V2.0	2018SR158330	Shenzhen Onewo Tech	January 18, 2018	March 12, 2018	Valid
81	Vanke Property information management platform software V1.0	2020SR1834490	Shenzhen Onewo Tech, Shenzhen Vanke Service Co., Ltd. (深圳市萬科物業服務有限公司) (“ Shenzhen Vanke Service ”)	January 30, 2018	December 16, 2021	Valid
82	Vanke Property Rui Home applet software [abbreviation: Rui Home applet] V1.0	2018SR646366	Shenzhen Onewo Tech	May 10, 2018	August 14, 2018	Valid
83	Vanke Property IOT intelligent access control management platform software [abbreviation: IOT access control management platform software] V1.0	2018SR646359	Shenzhen Onewo Tech	June 28, 2018	August 14, 2018	Valid
84	Vanke Property data explanation efficacy system software V3.3	2019SR0079469	Shenzhen Onewo Tech	September 14, 2018	January 23, 2019	Valid
85	Vanke Property partner sign in software V1.0	2020SR1834488	Shenzhen Vanke Service	October 11, 2018	December 16, 2020	Valid
86	Vanke Property Zhuyingtai software (Android version) V4.0	2019SR0082287	Shenzhen Onewo Tech	November 20, 2018	January 23, 2019	Valid
87	Vanke Property Zhuyingtai software (iOS version) V4.0	2019SR0082472	Shenzhen Onewo Tech	November 20, 2018	January 23, 2019	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
88	Puyu WeChat applet software (for butlers) V3.0	2019SR0082464	Shenzhen Onewo Tech	November 20, 2018	January 23, 2019	Valid
89	Puyu back stage management system software V3.0	2019SR0079766	Shenzhen Onewo Tech	November 20, 2018	January 23, 2019	Valid
90	Puyu WeChat applet software (for users) V3.0	2019SR0079625	Shenzhen Onewo Tech	November 20, 2018	January 23, 2019	Valid
91	Vanke Property cleaning positioning system software [abbreviation: cleaning positioning system] 5.0	2020SR1834489	Shenzhen Onewo Tech, Shenzhen Vanke Service	December 15, 2018	December 16, 2020	Valid
92	Onewo AI vision middleground software [abbreviation: VSVC] V1.0	2019SR0383910	Shenzhen Onewo Tech	N/A	April 24, 2019	Valid
93	Onewo AI service software [abbreviation: VSIS] V1.0	2019SR0385263	Shenzhen Onewo Tech	N/A	April 24, 2019	Valid
94	Onewo IOT card data monitoring system software [abbreviation: data monitoring] V1.0	2019SR0385250	Shenzhen Onewo Tech	November 23, 2018	April 24, 2019	Valid
95	Vanke Property resource management system [abbreviation: RM] V3.8	2019SR0961859	Shenzhen Onewo Tech	N/A	September 17, 2019	Valid
96	Vanke Property Wanwutong reconciliation center platform software [abbreviation: Wanwutong reconciliation center] V2.1	2019SR0962817	Shenzhen Onewo Tech	April 1, 2019	September 17, 2019	Valid
97	Vanke Property Wanwutong authentication center platform software [abbreviation: Wanwutong authentication center] V1.2	2019SR0962719	Shenzhen Onewo Tech	August 10, 2018	September 17, 2019	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
98	Vanke Property Wanwutong clearance center platform software [abbreviation: Wanwutong clearance center] V5.2	2019SR0963301	Shenzhen Onewo Tech	May 6, 2019	September 17, 2019	Valid
99	Vanke Property Wanwutong payment center platform software [abbreviation: Wanwutong electronic payment center] V5.0	2019SR0961851	Shenzhen Onewo Tech	November 9, 2018	September 17, 2019	Valid
100	Data import system software for business enterprise operation platform [abbreviation: data import system software] V1.1	2020SR0339276	Shenzhen Onewo Tech	March 27, 2019	April 16, 2020	Valid
101	Onewo Business Enterprise staff web-side reporting software [abbreviation: staff web-side reporting software] V1.0	2020SR0339272	Shenzhen Onewo Tech	March 27, 2019	April 16, 2020	Valid
102	Onewo Business Enterprise Zhuyingtai back-end web service software [abbreviation: Zhuyingtai back-end web service software] V3.7	2020SR0339966	Shenzhen Onewo Tech	March 27, 2019	April 16, 2020	Valid
103	Onewo Shangxiaozhi WeChat official account software [abbreviation: Shangxiaozhi WeChat official account] V3.7	2020SR0339284	Shenzhen Onewo Tech	March 27, 2019	April 16, 2020	Valid
104	Intelligent equipment reporting software for business enterprise operation platform [abbreviation: reporting software for business enterprise operation platform] V1.0	2020SR1582230	Shenzhen Onewo Tech	April 29, 2020	November 16, 2020	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
105	Vanke property electronic receipt invoicing system software [abbreviation: electronic receipt invoicing system] V1.0	2020SR1582231	Shenzhen Onewo Tech	August 15, 2020	November 16, 2020	Valid
106	Onewo property management platform (international edition) [abbreviation: Hong Kong property management system] V1.0	2021SR0300040	Shenzhen Onewo Tech	September 1, 2020	February 25, 2021	Valid
107	Onewo ATS interface automation platform [abbreviation: interface automation platform] V1.0	2021SR0471610	Shenzhen Onewo Tech	January 30, 2021	March 30, 2021	Valid
108	Onewo API marketplace software [abbreviation: API marketplace] V2.5	2021SR0514111	Shenzhen Onewo Tech	January 6, 2021	April 9, 2021	Valid
109	Onewo linking new occupancy project display system [abbreviation: Dianliang] V1.1	2021SR0514109	Shenzhen Onewo Tech	February 7, 2021	April 9, 2021	Valid
110	Onewo digital compass system [abbreviation: digital compass] V2.1.1	2021SR0514110	Shenzhen Onewo Tech	February 24, 2021	April 9, 2021	Valid
111	Onewo digital project management system [abbreviation: project cloud] V1.0	2021SR0768753	Shenzhen Onewo Tech	March 1, 2021	May 26, 2021	Valid
112	Onewo invoice management system software [abbreviation: invoice management system] V1.0	2021SR0768761	Shenzhen Onewo Tech	October 1, 2021	May 26, 2021	Valid
113	Baichuan cloud service delivery system software V1.0	2021SR0858570	Shenzhen Onewo Tech	March 15, 2021	June 8, 2021	Valid
114	Onewo AI image annotation platform V1.0	2021SR1241664	Shenzhen Onewo Tech	July 2, 2021	August 20, 2021	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
115	Onewo vision analysis software [abbreviation: vision]	2021SR1234245	Shenzhen Onewo Tech	N/A	August 21, 2021	Valid
116	Onewo risk control management platform [abbreviation: risk control system] V1.0	2021SR1413301	Shenzhen Onewo Tech	March 1, 2021	September 22, 2021	Valid
117	Onewo Zhuyingtai Developer Platform Software V1.0	2021SR1413532	Shenzhen Onewo Tech	August 3, 2021	September 22, 2021	Valid
118	Onewo Zhuyingtai platform back-stage management software V1.0	2021SR1413533	Shenzhen Onewo Tech	March 31, 2021	September 22, 2021	Valid
119	Onewo Zhuyingtai organization back-stage management software V1.0	2021SR1413499	Shenzhen Onewo Tech	March 31, 2021	September 22, 2021	Valid
120	Zhuyingtai Android mobile client software V5.0.0	2021SR1413542	Shenzhen Onewo Tech	August 3, 2021	September 22, 2021	Valid
121	Zhuyingtai iOS mobile client software V5.0.0	2021SR1413543	Shenzhen Onewo Tech	August 3, 2021	September 22, 2021	Valid
122	Onewo wallet Android mobile client software V1.0.0	2021SR1448907	Shenzhen Onewo Tech	July 15, 2021	September 28, 2021	Valid
123	Onewo wallet IOS mobile client software V1.0.0	2021SR1448930	Shenzhen Onewo Tech	July 15, 2021	September 28, 2021	Valid
124	Onewo Zhuyingtai open platform [abbreviation: Zhuyingtai open platform] V1.0	2021SR1952097	Shenzhen Onewo Tech	September 27, 2021	November 30, 2021	Valid
125	Onewo AI video Posterize Time platform V1.0	2021SR2024727	Shenzhen Onewo Tech	July 2, 2021	December 8, 2021	Valid
126	Onewo e-advertising management system V1.0	2022SR0004309	Shenzhen Onewo Tech	June 30, 2021	January 4, 2022	Valid
127	Onewo community classroom management platform [abbreviation: community classroom] V1.0	2022SR0218856	Shenzhen Onewo Tech	November 16, 2021	February 11, 2022	Valid
128	Onewo self-service terminal service platform V1.0	2022SR0218857	Shenzhen Onewo Tech	December 13, 2021	February 11, 2022	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
129	Wanyi cloud city application software (iOS version) [abbreviation: cloud city] V1.0	2020SR1568644	Zhuhai Onewo Technology Co., Ltd. (珠海市萬物雲科技有限公司) ("Zhuhai Onewo")	February 28, 2019	November 11, 2020	Valid
130	Wanyi cloud city application software (Android version) [abbreviation: cloud city] V1.07	2020SR1568643	Zhuhai Onewo	February 28, 2019	November 11, 2020	Valid
131	Smart park IOT-based IOC (intelligent operations center) software [abbreviation: smart park IOC] V1.0.7	2020SR1541570	Zhuhai Onewo	February 28, 2019	November 4, 2020	Valid
132	Smart park self-service data service platform software [abbreviation: self-service data service platform] V1.0.0	2020SR1541572	Zhuhai Onewo	June 7, 2019	November 4, 2020	Valid
133	Smart park data access platform software [abbreviation: data access platform] V1.0.0	2020SR1541571	Zhuhai Onewo	June 2, 2019	November 4, 2020	Valid
134	Zhihui Yinxing APP software [abbreviation: Zhihui Yinxing] V1.0.0	2020SR1544069	Zhuhai Onewo	October 15, 2020	November 4, 2020	Valid
135	Onewo urban space operation system software [abbreviation: US operation system] V1.2	2022SR0048875	Zhuhai Onewo, the Company, Shenzhen Vanke Service, Shenzhen City Up	December 5, 2020	January 7, 2022	Valid
136	Energy management system for Onewo intelligent operation management platform [abbreviation: energy management system] V1.2	2022SR0048874	Zhuhai Onewo, Shenzhen Vanke Service, Shenzhen City Up	December 1, 2020	January 7, 2022	Valid
137	Onewo i enterprise wallet software [abbreviation: i enterprise wallet] V1.0	2021SR0281189	Zhuhai Onewo	November 30, 2020	February 23, 2021	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
138	Shuzhili APP software [abbreviation: Shuzhili] V1.0.01	2021SR0392396	Zhuhai Onewo	February 20, 2021	March 15, 2021	Valid
139	Property City comprehensive operation management platform V1.0	2022SR0004244	Zhuhai Onewo	August 1, 2021	January 4, 2022	Valid
140	Vanke property Zhuzher APP (IOS) [abbreviation: Zhuzher (助這兒)] V3.6	2018SR252906	Zhuhai Onewo	February 5, 2018	April 13, 2018	Valid
141	Vanke property resource management system software [abbreviation: RM] V3.2	2018SR254620	Zhuhai Onewo	January 15, 2018	April 16, 2018	Valid
142	Vanke property Zhuzher APP (Android version) [abbreviation: Zhuzher (助這兒)] V3.6	2018SR254197	Zhuhai Onewo	February 5, 2018	April 16, 2018	Valid
143	Yunxiaoshi mini program software [abbreviation: Yunxiaoshi] V1.0	2022SR0052812	Zhuhai Onewo	March 26, 2021	January 10, 2022	Valid
144	Onewo smart park operation center integrated security system [abbreviation: integrated security system] V1.0	2022SR0218642	Zhuhai Onewo	August 1, 2021	February 11, 2022	Valid
145	Onewo intelligent operation management platform smart pedestrian system [abbreviation: smart pedestrian system] V1.0	2022SR0218641	Zhuhai Onewo	August 1, 2021	February 11, 2022	Valid
146	Onewo intelligent operation management platform smart vehicle system [abbreviation: smart vehicle system] V1.0	2022SR0218640	Zhuhai Onewo	August 1, 2021	February 11, 2022	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
147	Onewo smart park operation center infrastructure management system [abbreviation: infrastructure management system] V1.0	2022SR0218636	Zhuhai Onewo	August 1, 2021	February 11, 2022	Valid
148	Onewo smart park operation center intelligent business system [abbreviation: intelligent business system] V1.0	2022SR0218635	Zhuhai Onewo	August 1, 2021	February 11, 2022	Valid
149	Pingshan river basin based smart management and maintenance dispatching platform V1.0	2021SR1434401	Zhuhai Onewo, Shenzhen Vanke Service, Shenzhen Longgang Hepingshan River Management Center (深圳市龍崗河坪山河流域管理中心)	July 16, 2021	September 26, 2021	Valid
150	homie at-home APP (Android version) (abbreviation: homie at-home) V1.0	2019SR1360228	Yango Shanghai Information Technology Co., Ltd. (陽光城集團上海信息科技有限公司) (“Yango Shanghai”)	November 15, 2019	December 12, 2019	Valid
151	homie at-home APP (iOS version) (abbreviation: homie at-home) V1.0	2019SR1423075	Yango Shanghai	November 10, 2019	December 25, 2019	Valid
152	Sunshine City intelligent property steward software (Android version) (abbreviation: homie steward) V1.0	2020SR1500841	Yango Shanghai	October 29, 2019	September 16, 2020	Valid
153	Sunshine City intelligent property steward software (iOS version) (abbreviation: homie steward) V1.0	2020SR1500842	Yango Shanghai	October 29, 2019	September 6, 2020	Valid
154	Sunshine City community 360 software (Android Version) (abbreviation: community 360) V1.0	2020SR1502152	Yango Shanghai	March 27, 2020	September 21, 2020	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
155	Sunshine City community 360 software (iOS version) (abbreviation: community 360) V1.0	2020SR1502326	Yango Shanghai	March 27, 2020	September 21, 2020	Valid
156	Sunshine City property related reporting and ask-for-repair software (Android version) (abbreviation: reporting and ask-for-repair) V1.0	2020SR1502324	Yango Shanghai	April 10, 2020	September 21, 2020	Valid
157	Sunshine City property related reporting and ask-for-repair software (iOS version) (abbreviation: reporting and ask-for-repair) V1.0	2020SR1502048	Yango Shanghai	April 10, 2020	September 18, 2020	Valid
158	Sunshine City property smart community management software (abbreviation: smart community) V1.0	2020SR1502325	Yango Shanghai	May 16, 2020	September 21, 2020	Valid
159	Sunshine City smart visitor software (Android version) V1.0	2020SR1502153	Yango Shanghai	June 28, 2020	September 21, 2020	Valid
160	Sunshine City smart visitor software (iOS version) V1.0	2020SR1502144	Yango Shanghai	June 28, 2020	September 21, 2020	Valid
161	Sunshine City intelligent elevator software (Android version) V1.0	2020SR1502030	Yango Shanghai	July 21, 2020	September 18, 2020	Valid
162	Sunshine City intelligent elevator software (iOS version) V1.0	2020SR1502017	Yango Shanghai	July 21, 2020	September 18, 2020	Valid
163	Sunshine City intelligent home software (Android version) V1.0	2020SR1502020	Yango Shanghai	August 29, 2020	September 18, 2020	Valid
164	Sunshine City intelligent home software (iOS version) V1.0	2020SR1502032	Yango Shanghai	August 29, 2020	September 18, 2020	Valid
165	One-room one-file master data system software V1.0	2021SR0983473	Yango Shanghai	July 20, 2020	July 5, 2021	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
166	Property operation data visualization software V1.0	2021SR0983520	Yango Shanghai	March 29, 2021	July 5, 2021	Valid
167	homie at-home APP (iOS version) V2.0	2021SR0983457	Yango Shanghai	June 18, 2021	July 5, 2021	Valid
168	homie at-home APP (Android version) V2.0	2021SR0983456	Yango Shanghai	June 18, 2021	July 5, 2021	Valid
169	BI data report center software V1.0	2021SR0983497	Yango Shanghai	June 18, 2021	July 5, 2021	Valid
170	Quality operation system software [abbreviation: Quality operation system] V1.0	2021SR1539309	Yango Shanghai	September 15, 2021	October 21, 2021	Valid
171	Property intelligent tour-inspection management system V1.0	2021SR1539372	Yango Shanghai	September 28, 2021	October 21, 2021	Valid
172	Sunshine City intelligent property steward software (Android version) [abbreviation: Homie steward] V2.0	2021SR1539302	Yango Shanghai	September 29, 2021	October 21, 2021	Valid
173	Sunshine City intelligent property steward software (IOS version) [abbreviation: Homie steward] V2.0	2021SR1539303	Yango Shanghai	September 29, 2021	October 21, 2021	Valid
174	Security management system V1.0	2021SR1545407	Anhui Mingyun Logistic Management Services Co., Ltd. (安徽明運後勤管理服務有限責任公司) (“ Anhui Mingyun ”)	March 6, 2021	October 22, 2021	Valid
175	Intelligent logistics operation management platform software V1.0	2021SR1547422	Anhui Mingyun	August 19, 2020	October 22, 2021	Valid
176	Cleaning management system V1.0	2021SR1545213	Anhui Mingyun	February 16, 2021	October 22, 2021	Valid
177	One-stop service center intelligent maintenance management system platform V1.0	2021SR1545214	Anhui Mingyun	January 12, 2021	October 22, 2021	Valid
178	Energy management system V1.0	2021SR1545346	Anhui Mingyun	May 11, 2021	October 22, 2021	Valid
179	Escort management system V1.0	2021SR1545347	Anhui Mingyun	April 18, 2021	October 22, 2021	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
180	Transportation management system V1.0	2021SR1545128	Anhui Mingyun	June 30, 2021	October 22, 2021	Valid
181	Smart catering system V1.0	2021SR1545332	Anhui Mingyun	August 10, 2021	October 22, 2021	Valid
182	Smart toilet system V1.0	2021SR1545331	Anhui Mingyun	June 6, 2021	October 22, 2021	Valid
183	Information center operation and maintenance big data platform software V1.0	2021SR1560028	Anhui Mingyun	August 2, 2020	October 26, 2021	Valid
184	Medical waste monitoring platform V1.0	2021SR1544455	Anhui Mingyun	July 15, 2020	October 22, 2021	Valid
185	Facilities and equipment inspection management system V1.0	2021SR1560103	Anhui Mingyun	December 24, 2020	October 26, 2021	Valid
186	Facilities and equipment repair management system V1.0	2021SR1560102	Anhui Mingyun	November 2, 2020	October 26, 2021	Valid
187	Vehicle management system V1.0	2021SR1560101	Anhui Mingyun	October 30, 2020	October 26, 2021	Valid
188	Epidemic prevention and control service management system V1.0	2021SR1585490	Anhui Mingyun	May 20, 2021	October 28, 2021	Valid
189	Clinical support service information system V1.0	2021SR1585489	Anhui Mingyun	February 11, 2021	October 28, 2021	Valid
190	Xinyi Property Management environmental patrol maintenance information system V1.0	2020SR0411027	Fujian Xinyi Property Management Co., Ltd. (福建馨怡物業管理有限公司) (“Fujian Xinyi”)	N/A	May 6, 2020	Valid
191	Xinyi Property Management green management inspection platform V1.0	2020SR0584235	Fujian Xinyi	N/A	June 8, 2020	Valid
192	Xinyi Property Management utilities and equipment inspection platform V1.0	2020SR0577946	Fujian Xinyi	N/A	June 5, 2020	Valid
193	Xinyi Property Management complaint management software V1.0	2020SR0577954	Fujian Xinyi	N/A	June 5, 2020	Valid

No.	Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
194	Xinyi Property Management fire service inspection platform V1.0	2020SR0411024	Fujian Xinyi	N/A	May 6, 2020	Valid
195	Xinyi Property Management security inspection platform V1.0	2020SR0411016	Fujian Xinyi	N/A	May 6, 2020	Valid

(c) Patent

As of the Latest Practicable Date, our Group has registered the following patents in the PRC which, in the opinion of our Directors, are material to our business:

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
1.	A method and system supporting unattended lane control	Invention	201610420116.X	Shenzhen Vanrui	PRC	June 13, 2016	Valid
2.	A multi-terminal community intercom system based on different network media	Invention	201610827058.2	Shenzhen Vanrui	PRC	September 14, 2016	Valid
3.	Vehicle control method and system based on reversible lanes in a car park	Invention	201610806081.3	Shenzhen Vanrui	PRC	September 6, 2016	Valid
4.	Anti-tailgating intelligent door system	Utility Model	201521098814.X	Shenzhen Vanrui	PRC	December 25, 2015	Valid
5.	An intelligent door system based on extended GPIO signals	Utility Model	201620383468.8	Shenzhen Vanrui	PRC	April 28, 2016	Valid
6.	RTU equipment and monitoring system	Utility Model	201822016948.2	Shenzhen Vanrui	PRC	November 27, 2018	Valid
7.	Intelligent access control system installed at the exit	Utility Model	201520356957.X	Shenzhen Vanrui	PRC	May 28, 2015	Valid
8.	Intelligent access control system installed at the entrance	Utility Model	201520355955.9	Shenzhen Vanrui	PRC	May 28, 2015	Valid
9.	Intelligent barrier gate system	Utility Model	201520356410.X	Shenzhen Vanrui	PRC	May 28, 2015	Valid
10.	Intelligent access control system installed at the entrance	Utility Model	201620012294.4	Shenzhen Vanrui	PRC	January 7, 2016	Valid
11.	Intelligent segment gate 1 under Black Cat No. 1	Design	201530426602.9	Shenzhen Vanrui	PRC	October 30, 2015	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
12.	Intelligent sliding gate 1 under Black Cat No. 1	Design	201530427105.0	Shenzhen Vanrui	PRC	October 30, 2015	Valid
13.	LED lane screen	Design	201630102463.9	Shenzhen Vanrui	PRC	March 31, 2016	Valid
14.	Host controller shell (EBA)	Design	201630342253.7	Shenzhen Vanrui	PRC	July 25, 2016	Valid
15.	Power network box (EBA)	Design	201630342239.7	Shenzhen Vanrui	PRC	July 25, 2016	Valid
16.	Double automatic doors for flexible indoor scenarios under Black Cat No. 1	Design	201830563955.7	Shenzhen Vanrui	PRC	October 10, 2018	Valid
17.	Standard indoor automatic door under Black Cat No. 1	Design	201830563972.0	Shenzhen Vanrui	PRC	October 10, 2018	Valid
18.	Automatic wing gate for flexible scenarios under Black Cat No. 1	Design	201830563960.8	Shenzhen Vanrui	PRC	October 10, 2018	Valid
19.	Smart gate (entrance)	Design	201530263087.7	Shenzhen Vanrui	PRC	July 21, 2015	Valid
20.	Smart gate (exit)	Design	201530263088.1	Shenzhen Vanrui	PRC	July 21, 2015	Valid
21.	Visual intercom access control host (M1)	Design	201930147469.1	Shenzhen Vanrui	PRC	April 3, 2019	Valid
22.	Visitor machine (Ruiké S1)	Design	201930147525.1	Shenzhen Vanrui	PRC	April 3, 2019	Valid
23.	Cloud intercom access control host (M1)	Design	201930283054.7	Shenzhen Vanrui	PRC	June 3, 2019	Valid
24.	Positioning badge	Design	201930407667.7	Shenzhen Vanrui	PRC	July 30, 2019	Valid
25.	A system for linking community car park and smart home	Invention	201810629807.X	Shenzhen Vanrui	PRC	June 19, 2018	Valid
26.	Interior gate under Black Cat No. 1	Design	202130071566.4	Shenzhen Vanrui	PRC	February 1, 2021	Valid
27.	Black Cat No. 3 V2-CX gate	Design	202130130970.4	Shenzhen Vanrui	PRC	March 11, 2021	Valid
28.	Black Cat No. 3 V2-RX access control device	Design	202130180087.6	Shenzhen Vanrui	PRC	March 31, 2021	Valid
29.	A safe control method and system for smart home	Invention	202111085928.0	Shenzhen Vanrui	PRC	September 16, 2021	Valid
30.	Household smart screen (vpad)	Design	202130179462.5	Shenzhen Vanrui	PRC	March 31, 2021	Valid
31.	Door phone (M6)	Design	202130180065.X	Shenzhen Vanrui	PRC	March 31, 2021	Valid
32.	An access control system	Utility Model	201821281715.9	Shenzhen Onewo Tech	PRC	August 9, 2018	Valid
33.	A LoRaWAN-based wireless access control method and device	Invention	201811511315.7	Shenzhen Onewo Tech	PRC	December 11, 2018	Valid
34.	Ceiling leak diversion tool	Utility Model	201921850251.3	Shenzhen Onewo Tech	PRC	October 29, 2019	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
35.	A door panel reinforcement structure and its glass door	Utility Model	201921850768.2	Shenzhen Onewo Tech	PRC	October 30, 2019	Valid
36.	Automatic control system for air quality of garbage room	Utility Model	201921851033.1	Shenzhen Onewo Tech	PRC	October 30, 2019	Valid
37.	Alarm device for flash break of power grid and its alarm method	Invention	201911200445.3	Shenzhen Onewo Tech	PRC	November 29, 2019	Valid
38.	Community voting method, device, equipment and storage medium based on blockchain technology	Invention	202010115579.1	Shenzhen Onewo Tech	PRC	February 25, 2020	Valid
39.	Overflow detection method, device and related equipment for river drainage outlet	Invention	202111622123.5	Shenzhen Onewo Tech	PRC	December 28, 2021	Valid
40.	Off-duty detection method, device, computer equipment and storage medium	Invention	202111404473.4	Shenzhen Onewo Tech	PRC	November 24, 2021	Valid
41.	A device for cleaning floating substance and suspended substance on the water surface of river channels	Utility Model	202121452948.2	Shenzhen Vanke Service	PRC	June 28, 2021	Valid
42.	Water sample analysis assistance device	Utility Model	202121957854.0	Shenzhen Vanke Service Co., Ltd. (深圳市萬科物業服務有限公司) ("Shenzhen Vanke Service")	PRC	August 19, 2021	Valid
43.	An urban river purification device	Utility Model	202122036512.1	Shenzhen Vanke Service	PRC	August 26, 2021	Valid
44.	A water transparency measuring device	Utility Model	202122040344.3	Shenzhen Vanke Service	PRC	August 26, 2021	Valid
45.	Artificial fish nests applied to lakes	Utility Model	202121384191.8	Shenzhen Vanke Service	PRC	June 21, 2021	Valid

(d) Domain name

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names in the PRC which, in the opinion of our Directors, are material to our business:

No.	Domain Name	Registered Owner	Date of Registration	Filing Number	Expiry Date
1.	onewo.com	the Company	November 19, 2020	Yue ICP Bei No. 15063920-5	June 6, 2023
2.	vankeservice.com	the Company	November 19, 2020	Yue ICP Bei No. 15063920-2	August 20, 2023
3.	4009515151.com	the Company	November 19, 2020	Yue ICP Bei No. 15063920-1	March 30, 2024
4.	vk8.co	the Company	November 19, 2020	Yue ICP Bei No. 15063920-4	September 24, 2024
5.	4009515151.net	the Company	November 19, 2020	Yue ICP Bei No. 15063920-3	March 30, 2023
6.	4009515151.mobi	the Company	November 19, 2020	Yue ICP Bei No. 15063920-3	March 30, 2023
7.	vankeservice.mobi	the Company	November 19, 2020	Yue ICP Bei No. 15063920-2	August 20, 2023
8.	xmhfwy.com	Xiamen Huafei	April 25, 2021	Min ICP Bei No. 2021001742-3	March 25, 2025
9.	xmhuafei.com	Xiamen Huafei	February 2, 2021	Min ICP Bei No. 2021001742-1	September 30, 2029
10.	華菲.com	Xiamen Huafei	April 25, 2021	Min ICP Bei No. 2021001742-2	September 30, 2029
11.	fjsdwj.com	Fujian Shida Property Co., Ltd. (福建實達物業有限公司)	October 30, 2020	Min ICP Bei No. 18023349-3	September 21, 2024
12.	51jmk.com	Fujian Enjia Information Technology Co., Ltd. (福建恩家信息科技有限公司)	May 6, 2020	Min ICP Bei No. 20008036-1	March 31, 2023
13.	yangolife.cn	Yango Intelligent	January 13, 2022	Hu ICP Bei No. 2020030023-2	July 16, 2023
14.	yangolife.com.cn	Yango Intelligent	January 13, 2022	Hu ICP Bei No. 2020030023-1	July 16, 2023
15.	yangolife.net	Yango Intelligent	January 13, 2022	Hu ICP Bei No. 2020030023-3	July 16, 2023
16.	yangoservice.com.cn	Yango Intelligent	January 13, 2022	Hu ICP Bei No. 2020030023-5	July 16, 2023
17.	yangowj.com	Yango Property Management Co., Ltd. (陽光城物業服務有限公司)	August 9, 2021	Min ICP Bei No. 18025778-1	August 3, 2024
18.	tzygtd.com	Shanghai Yangda Guangmu Commercial Management Co., Ltd. (上海陽達光沐商業管理有限公司)	March 12, 2021	Hu ICP Bei No. 2020025223-2	March 1, 2024

No.	Domain Name	Registered Owner	Date of Registration	Filing Number	Expiry Date
19.	sybsr.com	Shenyang Bishengrong Property Management Co., Ltd. (瀋陽必勝榮物業管理有限公司)	May 28, 2020	Liao ICP Bei No. 20007022-1	April 16, 2023
20.	vs-cushwake.com	Shenzhen Onewo Business Enterprise Property Service Co., Ltd. (深圳萬物商企物業服務有限公司)	December 5, 2019	Yue ICP Bei No. 19070960-2	November 7, 2022
21.	zhuzher.mobi	Shenzhen Xingfushe Network Technology Co., Ltd. (深圳市幸福社網絡科技有限公司) (“Shenzhen Xingfushe”)	August 15, 2018	Yue ICP Bei No. 17106229-1	July 31, 2023
22.	zhuzher.online	Shenzhen Xingfushe	August 15, 2018	Yue ICP Bei No. 17106229-2	July 18, 2024

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

A. Particulars of Directors’ and Supervisors’ Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of, among other things, (i) compliance of relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

B. Agency fees or commissions received

Save as disclosed in this section, none of the Directors, Supervisors or any of the persons whose names are listed under “— 6. Other Information — G. Consents of experts” in this Appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this Prospectus.

C. Remuneration of Directors and Supervisors

Save as disclosed in the sections headed “Directors, Supervisors and Senior Management” and under “Appendix I — Accountants’ Report — II. Notes to the Historical Financial Information — 9. Directors’ Remuneration” in this Prospectus, no Director or Supervisor received other remuneration or benefits in kind from our Company in respect of each of the three financial years ended December 31, 2021 and the three months ended March 31, 2022.

4. DISCLOSURE OF INTERESTS**(a) Interests and short positions of the Directors, Supervisors and the chief executive of our Company in the registered capital of our Company and its associated corporations**

Immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the interests or short positions of Directors, Supervisors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to our Company once the H Shares are listed will be as follows:

Interest in Shares of our Company

Name	Title	Nature of interest	Class of Shares	Number of Shares⁽¹⁾	Approximately percentage of shareholding in the relevant class of Shares immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximately percentage of shareholding in the total share capital of our Company of Shares immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised)
Zhu Baoquan ⁽²⁾	Executive Director, the chairman of the Board and the general manager	Interest in controlled corporations	Unlisted Foreign Shares	90,000,000 (L)	27.27%	7.71%
Yao Jinbo ⁽³⁾	Non-executive Director	Interest in controlled corporations	Unlisted Foreign Shares	30,042,000 (L)	9.10%	2.57%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) As of the Latest Practicable Date, Ruida I Limited directly held 35,000,000 Unlisted Foreign Shares, Ruida II Limited directly holds 23,284,000 Unlisted Foreign Shares, Ruida III Limited directly holds 23,057,000 Unlisted Foreign Shares, Ruida IV Limited directly holds 2,970,000 Unlisted Foreign Shares, and Ruida V Limited directly holds 5,689,000 Unlisted Foreign Shares.

Each of Ruida I Limited and Ruida II Limited is a wholly-owned subsidiary of Ruida Investments I Limited Partnership. Ruida III Limited is a wholly-owned subsidiary of Ruida Investments IV Limited Partnership and Ruida V Limited is a wholly-owned subsidiary of Ruida Investments III Limited Partnership. Glorious Falcon Investment Limited is the general partner of each of Ruida Investments I Limited Partnership, Ruida Investments IV Limited Partnership and Ruida Investments III Limited Partnership. In addition, Shenzhen Yuying No. 23 Investment Management Partnership Enterprise (Limited Partnership) (深圳市譽鷹第二十三投資管理合夥企業(有限合夥)) is a limited partner holding approximately 62.86% interests in Ruida Investments I Limited Partnership and the remaining interests are held by the general partner, Glorious Falcon Investment Limited. Ruida IV Limited is a limited partner holding approximately 50.00% interests in Ruida Investments III Limited Partnership and the remaining interests are held by the general partner, Glorious Falcon Investment Limited. Ruida IV Limited is a wholly-owned subsidiary of Ruida IV Limited, which in turn wholly owned by Shenzhen Yuying No. 21 Investment Management Partnership Enterprise (Limited Partnership) (深圳市譽鷹第二十一投資管理合夥企業(有限合夥)) (“**Yuying 21**”). The general partner of Yuying 21 is Shenzhen Yuying Investment Management Co., Ltd. (深圳市譽鷹投資管理有限公司) (“**Yuying Investment**”). Mr. Zhu Baoquan, the chairman of the Board, an executive Director and the general manager of our Company, holds 67% of interests in Yuying Investment.

Therefore, Mr. Zhu Baoquan is deemed to be interested in the aggregate 90,000,000 Unlisted Foreign Shares held by Ruida I Limited, Ruida II Limited, Ruida III Limited, Ruida IV Limited and Ruida V Limited pursuant to Part XV of the SFO.

- (3) As of the Latest Practicable Date, Dream Landing Holdings Limited (“**Dream Landing**”) directly held 30,042,000 Unlisted Foreign Shares.

Dream Landing is a wholly-owned subsidiary of Dream Warrior Inc., which is an indirect wholly-owned subsidiary of 58.com Inc.. 58.com Inc. is ultimately controlled by Mr. Yao Jinbo, our non-executive Director.

Therefore, Mr. Yao Jinbo is deemed to be interested in the 30,042,000 Unlisted Foreign Shares held by Dream Landing pursuant to Part XV of the SFO.

Interest in associated corporations of our Company

Name	Title	Name of associated corporation	Nature of interest	Class of Shares	Number of Shares ⁽¹⁾	Approximately percentage of shareholding in the relevant class of the underlying shares of the relevant associated corporation	Approximately percentage of shareholding in the total share capital of the relevant associated corporation
Zhang Xu	Non-executive Director	China Vanke	Beneficial owner	A shares	2,639 (L)	0.00003%	0.00002%
Wu Jianxia	Supervisor	China Vanke	Beneficial owner	A shares	15,100 (L)	0.00016%	0.00013%

Note:

- (1) The letter “L” denotes the person’s long position in the shares.

(b) Substantial Shareholders

(i) Interests of the substantial Shareholders in the Shares

Save as disclosed in the section headed “Substantial Shareholders” in this Prospectus, our Directors are not aware of any person (other than our Director or chief executive of our Company) who will, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(ii) Interests of the substantial shareholders of other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors, supervisors or chief executive of our Company, or members of our Group) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group.

No.	Name of Member of our Group	Name of Shareholder	Approximate percentage of shareholding
1.	Shanghai Wanyu Liangang Property Service Co., Ltd. (上海萬譽聯港物業服務有限公司)	Shanghai International Port (Group) Co., Ltd. (上海國際港務(集團)股份有限公司)	49.0%
2.	Shenzhen Airport Property Service Co., Ltd. (深圳市機場物業服務有限公司)	Shenzhen Airport Real Estate Co., Ltd. (深圳機場航空城發展有限公司)	39.0%
3.	Shenzhen Longyuan Villas Real Estate Management Co., Ltd. (深圳市龍園山莊物業管理有限公司)	Shenzhen Jiazhichuang Investment Development Co., Ltd. (深圳市嘉之創投資發展有限公司)	40.0%
4.	Shenzhen Liuhecheng Property Service Co., Ltd. (深圳市六和城物業服務有限公司)	Shenzhen Liuhe Industrial Group Co., Ltd. (深圳市六和實業集團有限公司)	32.9%
5.	Chaozhou Wanteng Property Service Co., Ltd. (潮州市萬騰物業服務有限公司)	Guangdong Tengrui Investment Co., Ltd. (廣東騰瑞投資有限公司)	49.0%
6.	Wuhan Weipeng Vanke Property Service Co., Ltd. (武漢偉鵬萬科物業服務有限公司)	Wuhan Weipeng Holding Group Co., Ltd. (武漢偉鵬控股集團有限公司)	49.0%
7.	Beijing Fengtai Smart Cloud Urban Resources Management Co., Ltd. (北京豐台智慧雲城市資源經營管理有限公司)	Beijing Fengtai Property Operation Management Center (北京市豐台區房屋經營管理中心)	49.0%
8.	Jiangxi Vanke Yida Property Service Co., Ltd. (江西萬科益達物業服務有限公司) (<i>Note</i>)	Jiangxi Yida Investment and Development Co., Ltd. (江西益達投資發展集團有限公司)	50.0%
9.	Shenzhen Wanyu Security Technology Co., Ltd. (深圳市萬御安防科技有限公司)	Shenzhen Kunpeng Wanli Financial Consulting Enterprise (Limited Partnership) (深圳市鯤鵬萬里財務顧問企業(有限合夥))	20.0%

No.	Name of Member of our Group	Name of Shareholder	Approximate percentage of shareholding
10.	Nanchang Puyun Meiju Brokerage Co., Ltd. (南昌樸韻美居經紀有限公司) (Note)	Jiangxi Yida Investment and Development Co., Ltd. (江西益達投資發展集團有限公司)	50.0%
11.	Nanchang Pulin Real Estate Brokerage Co., Ltd. (南昌樸鄰房產經紀有限公司) (Note)	Jiangxi Yida Investment and Development Co., Ltd. (江西益達投資發展集團有限公司)	50.0%
12.	Zhengzhou Fuqian Property Management Co., Ltd. (鄭州福謙物業管理有限公司)	Henan Shenghexiang Industrial Co., Ltd. (河南晟和祥實業有限公司)	49.0%
13.	Ningbo Naisen Property Management Co., Ltd. (寧波耐森物業管理有限公司)	Wang Xiaowen (王曉雯)	13.0%
14.	Jiangxi Hengtong Property Management Co., Ltd. (江西恒通物業管理有限公司)	Nanchang Feiyi Industrial Co., Ltd. (南昌飛益實業有限公司)	44.0%
15.	Beijing Yuying Baijia Property Service Co., Ltd. (北京譽鷹佰嘉物業服務有限公司)	Beijing Baijia Real Estate Co., Ltd. (北京佰嘉置業集團有限公司)	35.0%
16.	Shenyang Tangxuan Property Management Co., Ltd. (瀋陽唐軒物業管理有限公司)	Shenyang Tangxuan Real Estate Development Co., Ltd. (瀋陽唐軒房地產開發有限公司)	49.0%
17.	Shenzhen Zhuohong Property Service Co., Ltd. (深圳市卓弘物業服務有限公司)	Zhu Zuocheng (朱佐承)	30.0%
18.	Dongguan Zhuosheng Property Management Co., Ltd. (東莞市卓聖物業管理有限公司)	Dongguan Julong Property Investment Development Co., Ltd. (東莞市聚龍物業投資發展有限公司)	40.0%
19.	Chongqing Wanyuyuye Property Management Co., Ltd. (重慶萬渝譽物業管理有限公司)	Chongqing Yufu Real Estate Co., Ltd. (重慶渝富地產有限公司)	35.0%
20.	Heilongjiang Baiyuehui Property Management Co., Ltd. (黑龍江省柏悅匯物業管理有限責任公司)	Xu Jiawei (許珈瑋)	10.0%
21.	Tianjin Wanyushengheng Ecological Property Service Co., Ltd. (天津萬譽生恒生態物業服務有限公司)	Sino-Singapore Tianjin Eco-City Investment Development Co., Ltd. (中新天津生態城投資開發有限公司)	30.0%
22.	Guilin Lingui Olympic Garden Property Service Co., Ltd. (桂林市臨桂奧林匹克花園物業服務有限公司)	Guangxi Guilin Juhui Investment Group Co., Ltd. (廣西桂林聚慧投資集團有限公司)	49.0%
23.	Beijing Wanyu Xinxing Property Service Co., Ltd. (北京萬譽新興物業服務有限公司)	China Tongyong Xinxing Property Co., Ltd. (中國通用新興地產有限公司)	49.0%
24.	Changsha Yutian Vanke Property Service Co., Ltd. (長沙市育天萬科物業服務有限公司)	Hunan Changjiao Construction Engineering Co., Ltd. (湖南教建集團有限公司)	49.0%
25.	Yunnan Wanxi Property Service Co., Ltd. (雲南萬禧物業服務有限公司)	Kunming Haocai Property Service Co., Ltd. (昆明好彩物業服務有限公司)	49.0%
26.	Shanghai Zhongyuan Property Co., Ltd. (上海仲源物業有限公司)	Shanghai Hengcheng Industrial Development Co., Ltd. (上海恒承實業發展有限公司)	33.0%
27.	Zhejiang Housekeeper Property Management Service Co., Ltd. (浙江大管家物業管理服務有限公司)	Li Yiwen (李一文)	36.0%
28.	Wenzhou Grand Housekeeper Yuanyi Property Management Co., Ltd. (溫州大管家元一物業管理有限公司)	Xiao Yukun (肖譽坤)	49.0%
29.	Shenyang Onewo Runze Property Service Co., Ltd. (瀋陽市萬物潤澤物業服務有限公司)	Shenzhen Runcheng Industrial Holding Co., Ltd. (深圳潤城產業控股有限公司)	49.0%
30.	Wuhan Onewo Yinhe Property Service Co., Ltd. (武漢市萬物銀禾物業服務有限公司)	Hubei Jinyixingguang Property Co., Ltd. (湖北金宜興廣置業有限公司)	49.0%
31.	Rugby Cayman Limited	Cushman & Wakefield Pacific Holdings Limited	35.0%
32.	Rugby Dragons (HK) Limited	Cushman & Wakefield Pacific Holdings Limited	35.0%
33.	Rugby Eagles (HK) Limited	Cushman & Wakefield Pacific Holdings Limited	35.0%

No.	Name of Member of our Group	Name of Shareholder	Approximate percentage of shareholding
34.	Beijing Onewo Commercial Property Management Service Co., Ltd. (北京萬物商企物業服務有限公司)	Cushman & Wakefield Pacific Holdings Limited	35.0%
35.	Zhejiang Yaojiang Real Estate Management Co., Ltd. (浙江耀江物業管理有限公司)	Cushman & Wakefield Pacific Holdings Limited	35.0%
36.	Shenzhen Onewo Business Enterprise Property Management Service Co., Ltd. (深圳萬物商企物業服務有限公司)	Cushman & Wakefield Pacific Holdings Limited	35.0%
37.	Shenzhen Onewo Cushman & Wakefield Property Service Co., Ltd. (深圳市萬物戴德梁行物業服務有限公司)	Cushman & Wakefield Pacific Holdings Limited	35.0%
38.	Shenzhen Wandaihang Property Service Co., Ltd. (深圳市萬戴行物業服務有限公司)	Cushman & Wakefield Pacific Holdings Limited	35.0%
39.	Shenzhen Cushman & Wakefield Vanke Service Property Service Co., Ltd. (深圳市萬物梁行物業服務有限公司)	Cushman & Wakefield Pacific Holdings Limited	35.0%
40.	Cushman & Wakefield (Shanghai) Co., Ltd. (戴德梁行物業諮詢(上海)有限公司)	Cushman & Wakefield Pacific Holdings Limited	35.0%
41.	Beijing Cushman & Wakefield Property Management Co., Ltd. (北京戴德梁行物業管理有限公司)	Cushman & Wakefield Pacific Holdings Limited	35.0%
42.	Cushman & Wakefield Property Management Limited (戴德梁行物業管理有限公司)	Cushman & Wakefield Pacific Holdings Limited	35.0%
43.	Cushman & Wakefield (Guangzhou) Property Management Co., Ltd. (戴德梁行(廣州)物業管理有限公司)	Cushman & Wakefield Pacific Holdings Limited	35.0%

Note: our Group has the majority voting power of such companies by controlling the majority of the board pursuant to the respective articles of association of such companies.

(c) Disclaimers

Save as disclosed in this Prospectus:

- (a) none of our Directors or Supervisors nor any of the parties listed in “— 6. Other Information — G. Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which within the two years immediately preceding the date of this Prospectus, have been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange;

- (c) none of our Directors or Supervisors nor any of the parties listed in “— 6. Other Information — G. Consents of experts” in this Appendix, is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Group as a whole;
- (d) save for the Underwriting Agreements, none of the parties listed in “— 6. Other Information — G. Consents of experts” in this Appendix:
 - (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group;
- (e) so far as is known to our Directors as of the Latest Practicable Date, none of the Directors, Supervisors, their respective associates or Shareholders of our Company (who is interested in more than 5% of the share capital of our Company) has any interests in any of our top five suppliers and top five customers; and
- (f) none of the Directors had any interest interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

5. EMPLOYEE STOCK OWNERSHIP PLAN

(a) Background

China Vanke introduced and adopted an internal business partnership scheme (事業合夥人機制) for employees of its property service business, being our Company, in June 2015 to attract and retain talents and to enhance our Company’s competitiveness for long-term development. As of the Latest Practicable Date, the business partnership scheme has been further amended and consolidated as the Employee Stock Ownership Plan (“ESOP”) for the preparation of the Listing. As of the Latest Practicable Date, 70,000,000 Shares in aggregate were directly held by the Employee Shareholding Platforms representing approximately 6.66% of the aggregate amount of our total issued Shares. The terms of the ESOP are not subject to the provisions of Chapter 17 of the Listing Rules.

(b) Awards

Pursuant to the terms of the ESOP, the eligible participants (the “**Participants**”) shall be granted a conditional right (the “**Awards**”) to subscribe for certain limited partnership interests (the “**Incentive Interests**”) in the respective employee incentive platform (being the holding partnership platform of each of the Employee Shareholding Platforms) (the “**Employee Incentive Platforms**”). The grant of the Award(s) shall be determined by the general partner of each of the Employee Incentive Platforms (the “**General Partner**”), with Mr. Zhu Baoquan (our chairman of the Board, an executive Director and the general manager of our Company) and Ms. Xiang Yun (the chairperson of our Supervisory Committee) being the shareholders of the General Partner.

(c) Maximum number of Shares

As of the Latest Practicable Date, the number of Shares directly held by the Employee Shareholding Platforms for the purpose of the ESOP were in aggregate of 70,000,000 Shares, representing approximately 6.66% of the aggregate amount of the total issued Shares immediately before the completion of the Global Offering and 6.00% of our total issued Shares immediately upon completion of the Global Offering assuming the Over-allotment Option is not exercised.

(d) Participants

Participants of the ESOP are management member and employees of our Group at the time being granted such Award(s).

(e) Term

All Shares underlying the Awards granted to the Participants are directly held by the Employee Shareholding Platforms. The Awards shall be vested in the Participants on the date which the Participants having subscribed for his or her designated Incentive Interests in the respective Employee Incentive Platforms.

(f) Sale of the Awards

The Participants are entitled to arrange sale of the Incentive Interests subscribed pursuant to the Awards which will be handled by the administrative office of the relevant Employee Incentive Platforms at its full discretion as authorized by the General Partner.

(g) Restriction on transfer

Save as disclosed under paragraph (f) above, no Participant shall in any way transfer, pledge, provide guarantee for another, encumber or dispose of any Incentive Interests subscribed under the Awards granted to him or her.

(h) Details of the Awards granted

As of the Latest Practicable Date, the aggregate number of Shares underlying the Awards as directly held by the Employee Shareholding Platforms amounted to 70,000,000 Shares, had been granted to 394 Participants. Details of the Awards granted pursuant to the ESOP as of the Latest Practicable Date are set out as below:

Participant	Role within our Group	Approximate number of Shares underlying the Awards⁽⁵⁾	Approximate percentage of issued shares immediately after the completion of the Global Offering (assuming Over-allotment Option is not exercised)
Mr. Zhu Baoquan	Director of our Company	20,000,000	1.71%
Mr. He Shuhua	Director of our Company	1,068,294	0.09%
Ms. Xiang Yun	Supervisor of our Company	667,459	0.06%
Mr. Wu Jianxia	Supervisor of our Company	578,014	0.05%
Mr. Zou Ming	Deputy general manager of our Company	807,663	0.07%
Mr. Yang Guanghui	Deputy general manager of our Company	934,776	0.08%
Mr. Li Qingping	Chief investment officer of our Company	1,055,513	0.09%
Directors of our subsidiaries ⁽¹⁾		8,603,563 ⁽²⁾	0.74%
Supervisors of our subsidiaries ⁽¹⁾		1,979,447 ⁽³⁾	0.17%
Other employees of our Group		34,305,273 ⁽⁴⁾	2.94%

Notes:

- (1) Subsidiaries which do not constitute insignificant subsidiaries as defined under the Listing Rules.
- (2) Representing an aggregate of 21 Participants, with no single Participant being granted more than 1,200,000 underlying Shares, representing no more than 0.10% of our Company's total issued Shares immediately after the completion of the Global Offering (assuming Over-allotment Option is not exercised).
- (3) Representing an aggregate of 6 Participants, with no single Participant being granted more than 1,000,000 underlying Shares, representing no more than 0.09% of our Company's total issued Shares immediately after the completion of the Global Offering (assuming Over-allotment Option is not exercised).
- (4) Representing an aggregate of 360 Participants, with no single Participant being granted more than 1,200,000 underlying Shares, representing no more than 0.10% of our Company's total issued Shares immediately after the completion of the Global Offering (assuming Over-allotment Option is not exercised).
- (5) Due to rounding adjustments, the number of Shares underlying the Awards of each category does not represent an arithmetic aggregation of 70,000,000 Shares.

6. OTHER INFORMATION

A. Estate duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

B. Litigation

Save as disclosed in this Prospectus, as of the Latest Practicable Date, we are not aware of any material legal proceedings, claims or disputes currently existing or pending against us, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against us that may have a material adverse effect on our business, financial position or results of operations.

C. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option). Each of the Joint Sponsors satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of US\$900,000 for acting as the Joint Sponsors for the Listing.

D. Preliminary expenses

Our Company has not incurred any preliminary expenses.

E. Promoters

Information of our promoters as of the time of our Company's conversion into a joint stock company in March 20, 2018 is as follows:

No.	Name
1	China Vanke
2	Radiant Sunbeam Limited
3	Dream Landing Holdings Limited
4	Ruida I Limited (睿達第一有限公司)
5	Ruida II Limited (睿達第二有限公司) (formerly known as WkGrowth Limited)
6	Ruida V Limited (睿達第五有限公司)
7	Yingda Investment Fund
8	Wanshuzhimiao

No.	Name
9	Wanhuquanyuan
10	Wanqing
11	Wanhu
12	Wanmazhengxian
13	Ruida III Limited (睿達第三有限公司)
14	Ruida IV Limited (睿達第四有限公司)

Save as disclosed in the section headed “History, Development and Corporate Structure”, within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this Prospectus.

F. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Prospectus:

Name	Qualification
CLSA Capital Markets Limited	Licensed corporation to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Citigroup Global Markets Asia Limited	Licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) of the regulated activities under the SFO
Goldman Sachs (Asia) L.L.C.	Licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
JunHe LLP	PRC Legal Advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

G. Consents of experts

Each of the experts named in paragraph F above has given and has not withdrawn its respective written consent to the issue of this Prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this Prospectus the form and context in which it is respectively included.

H. Interests of experts in our Company

None of the persons named in paragraph F above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

I. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable on each of the seller and purchaser is 0.13% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

J. Binding effect

This Prospectus shall have the effect, if an application is made in pursuance of this Prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

K. Miscellaneous

- (a) Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

- (b) Our Directors confirm that:
 - (i) there has been no material adverse change in the financial or trading position or prospects of our Group since March 31, 2022 (being the date to which the latest audited consolidated financial statements of our Group were prepared); and
 - (ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Prospectus;
- (c) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (d) All necessary arrangements have been made to enable our H Shares to be admitted into CCASS for clearing and settlement;
- (e) No company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) Our Company has no outstanding convertible debt securities or debentures;
- (g) There is no arrangement under which future dividends are waived or agreed to be waived; and
- (h) None of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

L. Bilingual Prospectus

The English and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **GREEN** and **BLUE** Application Form;
- (b) the written consents referred to in the paragraph headed “6. Other Information — G. Consents of experts” in Appendix VI to this Prospectus; and
- (c) copies of the material contracts referred to in the paragraph headed “2. Further Information about Our Business — A. Summary of our material contracts” in Appendix VI to this Prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at <https://www.onewo.com/> up to and including the date which is 14 days from the date of this Prospectus:

- (a) the Articles of Association;
- (b) the Accountants’ Report from Ernst & Young in respect of the consolidated financial information of our Group for each of the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, the text of which is set forth in Appendix I to this Prospectus;
- (c) the report from Ernst & Young in respect of the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this Prospectus;
- (d) the audited consolidated financial statements of our Group for each of the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022;
- (e) the Frost & Sullivan Report;
- (f) the material contracts referred to in the paragraph headed “2. Further Information about Our Business — A. Summary of our material contracts” in Appendix VI to this Prospectus;
- (g) the written consents referred to in the paragraph headed “6. Other Information — G. Consents of experts” in Appendix VI to this Prospectus;

- (h) the service contracts referred to in the paragraph headed “3. Further Information about Our Directors and Supervisors — A. Particulars of Directors’ and Supervisors’ Contracts” in Appendix VI to this Prospectus;
- (i) the legal opinions issued by JunHe LLP, the legal advisor of our Company as to the PRC laws, in respect of, among other things, the general matters and property interests of our Group; and
- (j) the following PRC laws and regulations, together with unofficial English translation thereof:
 - (i) the PRC Company Law;
 - (ii) the PRC Securities Law;
 - (iii) the Special Regulations; and
 - (iv) the Mandatory Provisions.

Onewo Inc.
萬物雲空間科技服務股份有限公司